



Sarah Baartman

DISTRICT MUNICIPALITY

*Province of the Eastern Cape*

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*progress through development*

## **SARAH BAARTMAN DISTRICT MUNICIPALITY**

Group Annual Financial Statements for the Year Ended 30 June 2024

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## General Information

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<b>Legal form of entity</b>	District Municipality (DC10) Sarah Baartman District
<b>Nature of business and principal activities</b>	Municipal Services
<b>Legislation governing the municipality's operations</b>	Local Government Municipal Finance Management Act (No 56 of 2003)  Local Government: Municipal Structures Act (No 117 of 1998) Constitution of the Republic of South Africa Act (No 108 of 1996) Division of Revenue Act (No 1 of 2007) Protection of Personal Information Act (No 4 of 2013) Remuneration of Public Office Bearers Act (No 20 of 1998)
<b>Mayoral committee</b>	
Executive Mayor	DWS De Vos
Speaker	N S Gaga
Portfolio Councillor: Finance	CT Booysen
Portfolio Councillor: Corporate Services	S Lucas - Resigned 12 July 2023 PP Faxi - Appointed 12 July 2023
Portfolio Councillor: Infrastructure Development and Community Services	PP Faxi - Resigned 12 July 2023
Portfolio Councillor: Planning & Economic Development	AW Diniso - Appointed 12 July 2023 Z Funiselo - Deceased 25 May 2023
Portfolio Councillor: Special Projects	N Koba - Appointed 01 June 2023 S Rune - Appointed 12 July 2023
<b>Accounting Officer</b>	U Daniels
<b>Chief Finance Officer (CFO)</b>	K Abrahams
<b>Registered office</b>	32 Govan Mbeki Ave Standard Bank Building Port Elizabeth 6001
<b>Postal address</b>	P O Box 318 Port Elizabeth 6000
<b>Bankers</b>	ABSA Bank Limited
<b>Auditors</b>	Auditor General of South Africa
<b>Attorneys</b>	F Antony - Senior Manager: Legal Services
<b>Preparer</b>	The group annual financial statements were independently compiled by: K Abrahams

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

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### Abbreviations used:

CDDA	Cacadu District Development Agency
EPWP	Expanded Public Works Programme
FMG	Finance Management Grant
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
IMFO	Institute of Municipal Finance Officers
MDRG	Municipal Disaster Relief Grant
SARS	South African Revenue Services
DORA	Division of Revenue Act
RRAMS	Rural Roads Access Municipal Systems
SBDM	Sarah Baartman District Municipality
VAT	Value Added Tax

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Accounting Officer's Responsibilities and Approval

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The accounting officer is required by the Municipal Finance Management Act (No. 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the group annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the group annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the group annual financial statements and was given unrestricted access to all financial records and related data.

The group annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The group annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that she is ultimately responsible for the system of internal financial control established by the municipality and places considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the group annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on grant funding for continued funding of operations. The group annual financial statements are prepared on the basis that the municipality is a going concern, and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

The group annual financial statements set out on pages 4 to 74, which have been prepared on the going concern basis, were approved by the Accounting Officer on 28 November 2024.



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U Daniels  
Accounting Officer

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Receivables from exchange transactions	3	3 721 216	3 064 820
Receivables from non-exchange transactions	4	755 602	2 501 931
Statutory receivable	5	2 643 281	1 809 594
Short-term investments	6	115 000 000	164 000 000
Cash and cash equivalents	7	102 257 872	57 307 778
Vat input provision	45	2 564	152 598
		<b>224 380 535</b>	<b>228 836 721</b>
<b>Non-Current Assets</b>			
Deposits paid	8	15 410	15 410
Investment property	9	10 964 934	10 964 934
Property, plant and equipment	10	21 020 834	18 223 876
Intangible assets	11	3 534 252	2 916 104
Heritage assets	12	15 676 000	15 676 000
Long-term receivables	13	102 196	114 196
		<b>51 313 626</b>	<b>47 910 520</b>
<b>Total Assets</b>		<b>275 694 161</b>	<b>276 747 241</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Vat output provision	46	136 275	136 275
Payables from exchange transactions	14	31 191 255	22 715 632
Unspent conditional grants and receipts	15	2 250 000	350 420
Employee benefit obligation	16	5 094 000	4 814 733
		<b>38 671 530</b>	<b>28 017 060</b>
<b>Non-Current Liabilities</b>			
Employee benefit obligation	16	54 338 000	51 665 075
<b>Total Liabilities</b>		<b>93 009 530</b>	<b>79 682 135</b>
<b>Net Assets</b>		<b>182 684 631</b>	<b>197 065 106</b>
Accumulated surplus	17	182 684 631	197 065 106
<b>Total Net Assets</b>		<b>182 684 631</b>	<b>197 065 106</b>

\* See Note 30

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Rental of facilities and equipment	9	175 707	109 739
Commission received		67 201	64 342
Interest earned	18	20 611 909	17 592 319
Job evaluation fees	19	961 630	1 082 793
<b>Total revenue from exchange transactions</b>		<b>21 816 447</b>	<b>18 849 193</b>
<b>Revenue from non-exchange transactions</b>			
Actuarial gain on post-employment medical benefit	16	-	8 402 672
Government grants & subsidies	20	117 579 020	112 549 460
Other revenue	21	447 295	610 511
Administration and management fees received	44	597 542	-
<b>Total revenue from non-exchange transactions</b>		<b>118 623 857</b>	<b>121 562 643</b>
<b>Total revenue</b>		<b>140 440 304</b>	<b>140 411 836</b>
<b>Expenditure</b>			
Depreciation	9&10	1 899 888	1 686 760
Amortisation	11	848 625	569 686
Actuarial loss on post-employment medical benefit	16	617 278	-
Interest costs on post-employment medical benefit	16	6 573 188	7 092 502
Remuneration of employees	22	59 977 952	57 842 229
Remuneration of councillors	23	8 231 328	7 197 463
Grants and subsidies paid	24	21 923 325	20 486 936
General expenses	25	46 251 693	45 900 727
Contracted services	27	4 861 109	4 185 801
Impairment of assets	26	46 495	59 733
Increase in provision for doubtful debts	3 & 4	1 918 432	593 481
Loss on disposal of assets and liabilities	19	257 461	677 786
Fines and penalties		26 700	8 069
<b>Total expenditure</b>		<b>153 433 475</b>	<b>146 301 173</b>
<b>Deficit for the year</b>		<b>(12 993 171)</b>	<b>(5 889 337)</b>

\* See Note 30

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Opening balance as previously reported	198 213 312	198 213 312
Adjustments		
Surplus for the year as restated	9 738 601	9 738 601
Prior year adjustments (note 30)	(4 997 474)	(4 997 474)
<b>Balance at 01 July 2022 restated</b>	<b>202 954 439</b>	<b>202 954 439</b>
Changes in net assets		
Prior period errors - note 30	(1 212 713)	(1 212 713)
Changes in net assets	(1 212 713)	(1 212 713)
Deficit for the year	(4 676 625)	(4 676 625)
Changes in net assets	-	-
Changes in net assets	-	-
<b>Balance at 01 July 2023</b>	<b>197 065 101</b>	<b>197 065 101</b>
Changes in net assets		
SARS - Previous FY (CDDA)	(1 298 834)	(1 298 834)
Correction of error - CDDA	(88 460)	(88 460)
Net income (losses) recognised directly in net assets	(1 387 294)	(1 387 294)
Total recognised income and expenses for the year	(1 387 294)	(1 387 294)
Deficit for the year	(12 993 171)	(12 993 171)
<b>Balance at 30 June 2024</b>	<b>182 684 636</b>	<b>182 684 636</b>
Note 30		

\* See Note 30

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Grants	20	119 478 600	114 911 880
Interest income		20 648 093	18 156 658
Other receipts		3 251 918	634 124
		<u>143 378 611</u>	<u>133 702 662</u>
<b>Payments</b>			
Employee costs		(67 589 606)	(66 153 655)
Cash paid to suppliers		(42 906 470)	(47 804 316)
Taxes paid - CDDA		(1 298 835)	-
Other payments		(22 903 701)	(19 161 782)
		<u>(134 698 612)</u>	<u>(133 119 753)</u>
<b>Net cash flows from operating activities</b>	29	<u>8 679 999</u>	<u>582 909</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	10	(5 000 816)	(1 648 202)
Purchase of other intangible assets	11	(1 466 773)	(2 193 866)
Funds transferred to conveyancer - CDDA		(1 610 000)	-
<b>Net cash flows from investing activities</b>		<u>(8 077 589)</u>	<u>(3 842 068)</u>
<b>Cash flows from financing activities</b>			
Payments of short-term investments		49 000 000	(23 000 000)
Repayment of employment benefit liabilities	16	(4 730 261)	(4 421 550)
<b>Net cash flows from financing activities</b>		<u>44 269 739</u>	<u>(27 421 550)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>44 872 149</u>	<u>(30 680 709)</u>
Cash and cash equivalents at the beginning of the year		57 307 778	87 988 487
<b>Cash and cash equivalents at the end of the year</b>	7	<u>102 179 927</u>	<u>57 307 778</u>

\* See Note 30

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Statement of Comparison of Budget and Actual Amounts

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>2024</b>											
<b>Financial Performance</b>											
Investment revenue	10 090 000	280 000	10 370 000	-	-	10 370 000	20 611 909		10 241 909	199 %	204 %
Transfers recognised - operational	144 056 000	36 300 000	180 356 000	-	-	180 356 000	117 579 020		(62 776 980)	65 %	82 %
Other own revenue	26 782 707	61 625 293	88 408 000	-	-	88 408 000	2 249 375		(86 158 625)	3 %	8 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>180 928 707</b>	<b>98 205 293</b>	<b>279 134 000</b>	<b>-</b>	<b>-</b>	<b>279 134 000</b>	<b>140 440 304</b>		<b>(138 693 696)</b>	<b>50 %</b>	<b>78 %</b>
Employee costs	(65 315 330)	(2 366 114)	(67 681 444)	-	-	(67 681 444)	(59 977 953)		7 703 491	89 %	92 %
Remuneration of councillors	(7 579 585)	(1 127 013)	(8 706 598)	-	-	(8 706 598)	(8 231 328)		475 270	95 %	109 %
Depreciation and asset impairment	(3 562 000)	-	(3 562 000)			(3 562 000)	(2 748 513)		813 487	77 %	77 %
Transfers and grants	(26 018 000)	(8 167 000)	(34 185 000)	-	-	(34 185 000)	(26 123 325)		8 061 675	76 %	100 %
Other expenditure	(97 229 420)	(88 009 934)	(185 239 354)	-	-	(185 239 354)	(56 352 356)		128 886 998	30 %	58 %
<b>Total expenditure</b>	<b>(199 704 335)</b>	<b>(99 670 061)</b>	<b>(299 374 396)</b>	<b>-</b>	<b>-</b>	<b>(299 374 396)</b>	<b>(153 433 475)</b>		<b>145 940 921</b>	<b>51 %</b>	<b>77 %</b>
<b>Surplus/(Deficit)</b>	<b>(18 775 628)</b>	<b>(1 464 768)</b>	<b>(20 240 396)</b>	<b>-</b>	<b>-</b>	<b>(20 240 396)</b>	<b>(12 993 171)</b>		<b>7 247 225</b>	<b>- %</b>	<b>- %</b>
<b>Surplus/(Deficit) for the year</b>	<b>(18 775 628)</b>	<b>(1 464 768)</b>	<b>(20 240 396)</b>	<b>-</b>	<b>-</b>	<b>(20 240 396)</b>	<b>(12 993 171)</b>		<b>7 247 225</b>	<b>- %</b>	<b>- %</b>

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# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Capital expenditure and funds sources</b>											
Total capital expenditure	22 387 000	3 145 000	25 532 000	-	-	25 532 000	6 409 030		(19 122 970)	25 %	29 %
<b>Sources of capital funds</b>											
Transfers recognised - capital (National/Provincial/District) CDDA	(12 000 000)	-	(12 000 000)	-	-	(12 000 000)	-		12 000 000	- %	- %
Transfers recognised - capital (National/Provincial/Departmental Agencies) CDDA	-	(1 500 000)	(1 500 000)	-	-	(1 500 000)	(2 250 000)		(750 000)	150 %	DIV/0 %
Internally generated funds	(10 387 000)	(1 645 000)	(12 032 000)	-	-	(12 032 000)	(6 409 030)		5 622 970	53 %	62 %
<b>Total sources of capital funds</b>	<b>(22 387 000)</b>	<b>(3 145 000)</b>	<b>(25 532 000)</b>	<b>-</b>	<b>-</b>	<b>(25 532 000)</b>	<b>(8 659 030)</b>		<b>16 872 970</b>	<b>34 %</b>	<b>39 %</b>

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Cash flows</b>											
Net cash from (used) operating	453 000	(1 645 000)	(1 192 000)	-	-	(1 192 000)	8 679 999		9 871 999	(728)%	1 916 %
Net cash from (used) investing	(10 375 000)	(12 000)	(10 387 000)	-	-	(10 387 000)	(8 077 589)		2 309 411	78 %	78 %
Net cash from (used) financing	-	-	-	-	-	-	44 269 739		44 269 739	- %	- %
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(9 922 000)</b>	<b>(1 657 000)</b>	<b>(11 579 000)</b>	<b>-</b>	<b>-</b>	<b>(11 579 000)</b>	<b>44 872 149</b>		<b>56 451 149</b>	<b>(388)%</b>	<b>(452)%</b>
Cash and cash equivalents at the beginning of the year	98 257 000	-	76 418 000	-	-	76 418 000	57 307 778		(19 110 222)	75 %	58 %
<b>Cash and cash equivalents at year end</b>	<b>88 335 000</b>	<b>(1 657 000)</b>	<b>64 839 000</b>	<b>-</b>	<b>-</b>	<b>64 839 000</b>	<b>102 179 927</b>		<b>37 340 927</b>	<b>158 %</b>	<b>116 %</b>

Refer to Note 41 for detailed explanations of material variances.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1. Presentation of Group Annual Financial Statements

The group annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act (No. 56 of 2003).

These group annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these group annual financial statements, are disclosed below.

#### 1.1 Presentation currency

These group annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

#### 1.2 Going concern assumption

These group annual financial statements have been prepared based on the expectation that the municipality will continue to operate as a going concern for at least the next 12 months.

#### 1.3 Basis for preparation

##### Statement of compliance

These accounting policies are consistent with the previous period.

Accounting policies for material transactions, events or conditions not covered by the above GRAP Standards have been developed in accordance with paragraphs 7, 11 and 12 of the GRAP 3. These accounting policies and the applicable disclosures have been based on the International Financial Reporting Standards and the International Public Sector Accounting Standards (IPSA), where applicable, in terms of Directive Five including any interpretations of such Statements issued by the Accounting Practice Board. Certain accounting policies have been developed with reference to the MFMA, for e.g. unauthorised expenditure, irregular expenditure, and fruitless and wasteful expenditure policies.

These accounting policies have been applied to ensure that the financial statements provide information that is relevant to the decision-making needs of the users and are reliable.

##### Offsetting

Assets, liabilities, revenues and expenses have not been offset, except when offsetting is required or permitted by a Standard of GRAP.

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year.

#### 1.4 Significant judgements and sources of estimation uncertainty

In preparing the group annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the group annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the group annual financial statements.

In the process of applying its accounting policies, and in preparing the group annual financial statements, management is required to make various judgements, including estimates and assumptions, that may affect the determination of the reporting framework, affect amounts represented in the group annual financial statements and as well as related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the group annual financial statements.

Significant judgements, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.4 Significant judgements and sources of estimation uncertainty (continued)

#### Judgements

In the process of applying these accounting policies, management has made the following judgement that may have a significant effect on the amounts recognised in the annual financial statements.

**Cash-generating assets** - The municipality classifies its cash-generating assets as those assets which are used with the objective of generating a commercial return, and where positive cash flows are expected to be significantly higher than the cost of the asset. All other assets are considered to be non-cash generating assets.

#### Estimates

Estimates are informed by historical experience, information currently available to management, assumptions, and other factors that are believed to be reasonable under the circumstances. These estimates are reviewed on a regular basis. Changes in estimates that are not due to errors are processed in the period of the review and applied prospectively.

#### Receivables from exchange and non-exchange transactions

The municipality assesses its receivables from exchange and non-exchange transactions for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, management makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for receivables from exchange and non-exchange transactions is calculated based on the grading of the category of debtors according to their payment history. An accumulation of arrear balances is an indicator of debtor delinquency. Such debtors are provided for as they are considered to be impaired due to uncertainty surrounding the recoverability of the outstanding amounts.

#### Provisions

Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amount that will be required in future to settle the provision, management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes.

Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions.

#### Post-retirement benefits

The present value of the post-retirement medical aid benefit depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) include the discount rate, future salary increases, mortality rates and future medical increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 16.

#### Effective interest rate

The municipality used the prime interest rate less 0.5% to discount future cash flows. The prime interest rate was 11.75% (2023: 11.25%).

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.4 Significant judgements and sources of estimation uncertainty (continued)

#### Allowance for doubtful debts

The measurement of receivables is derived after consideration of the allowance for doubtful debts. Management makes certain assumptions regarding the categorisation of debtors into groups with similar risk profiles, so that the effect of any impairment on a group of receivables would not differ materially from the impairment, that would have been determined had each debtor been assessed for impairment on an individual basis. The determination of this allowance is predisposed to the utilisation of estimates, assumptions and management judgements. In determining this allowance, the estimates are made about probability of recovery of the debtors based on their past payment history and risk profile.

#### Depreciation and amortisation

Depreciation and amortisation recognised on property, plant and equipment and intangible assets are determined with reference to the useful lives and residual values of the underlying items. The useful lives and residual values of assets are based on management's estimation of the asset's current condition, expected condition at the end of the period of use, its current use, expected future use and the entity's expectations about the availability of finance to replace the asset at the end of its useful life. In evaluating the useful life and residual value, management considers the impact of technology and minimum service requirements of the assets.

#### Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships. Significant judgements applied as per determination of the binding agreement entered into annually with the local municipality.

#### Related parties

In applying judgement as to whether or not a person(s) is a related party, the Municipality considers the following:

- Whether the person(s) is responsible for planning, directing and controlling the activities of the Municipality, including those charged with the governance of the Municipality in accordance with legislation, in instances where they are required to perform such functions;
- Whether the person(s) are close members of the family of person(s) that are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the Municipality.

#### Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the [name a key assumption] assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

### 1.5 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services
- administrative purposes, or
- sale in the ordinary course of operations.

#### Initial recognition and measurement

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

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### 1.5 Investment property (continued)

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

#### Cost model

##### Subsequent measurement - Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

##### Depreciation

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	Useful life
Property - land	indefinite
Property - buildings	50 years

##### Impairment

The municipality assesses at each reporting date whether there is any indication that investment property may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the investment property.

If it is not possible to estimate the recoverable amount of the investment property, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of the investment property, or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of the investment property is less than its carrying amount, the carrying amount of the investment property is reduced to its recoverable amount. The reduction is an impairment loss.

An impairment loss of investment property carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

A reversal of an impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Where a reversal occurs, the recoverable amount is limited to the carrying amount where no impairment occurred

##### Derecognition

Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

### 1.6 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.6 Property, plant and equipment (continued)

#### Initial recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset when: it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The "initial measurement" of property, plant and equipment, upon its "initial recognition" refers to property, plant and equipment's value when the current basis of accounting is first adopted, i.e. 1 July 2005. The "cost" of land and buildings on 1 July 2005 would constitute its fair value at that date as no cost is available. The "cost" of other assets would be its carrying amount (cost less accumulated depreciation) as at that date on the assumption that the carrying amounts represents the asset's fair value at 1 July 2005 if the asset was acquired prior to this date.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

#### Subsequent measurement - Cost model

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

#### Depreciation

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

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Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight-line	50 years
Furniture and fixtures	Straight-line	7 - 15 years
Motor vehicles	Straight-line	5 - 10 years
Office equipment	Straight-line	2 - 10 years
IT equipment	Straight-line	2 - 10 years
Bins and containers	Straight-line	5 - 10 years
Specialised vehicles	Straight-line	5 - 20 years
Specialised plant and equipment	Straight-line	5 - 15 years

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The introduction of the new Municipal Chart of Accounts has resulted in a few changes within the classification of property, plant and equipment. The change does not specifically require a reclassification as the balance of property, plant and equipment is consistent with the prior year and does not affect presentation on the Statement of Financial Position:

- Furniture and fixtures have been consolidated with Office Equipment; and
- Specialised vehicles have been consolidated with Motor Vehicles

# SARAH BAARTMAN DISTRICT MUNICIPALITY

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## Accounting Policies

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### 1.6 Property, plant and equipment (continued)

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The municipality assesses at each reporting date whether there is any indication that the municipality's expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

#### Impairment

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of the asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of the asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

A reversal of an impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Where a reversal occurs, the recoverable amount is limited to the carrying amount where no impairment occurred.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

#### Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Property, plant and equipment with a cost below R1 000 is not capitalised. This is in line with the asset management policy of the Municipality.

### 1.7 Intangible assets

#### Initial recognition and measurement

Intangible assets are initially recognised at cost.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

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### 1.7 Intangible assets (continued)

#### Subsequent measurement

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset acquired at no or nominal cost will be measured at fair value at the date of acquisition.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated goodwill is not recognised as an intangible asset.

#### Amortisation

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

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Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3 - 5 years

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#### Impairment

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result, the asset is tested for impairment and the remaining carrying amount is amortised over its useful life

#### Derecognition

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.8 Heritage assets

#### Initial recognition and measurement

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

#### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

#### Impairment

The municipality assesses at each reporting date whether there is any indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

#### Derecognition

The municipality derecognises heritage assets on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

### 1.9 Statutory receivable

The municipality accounts for Value Added Tax on the invoice basis and recognises it as a Statutory receivable or Statutory payables, as applicable.

The net effect of VAT outputs which has been declared to SARS and VAT inputs which has been claimed from SARS, is disclosed separately on the Statement of Financial Position as either a Statutory receivable (amounts owed to the Municipality) or a Statutory payable (amounts owed by the Municipality).

The amount is a statutory receivable or payable and includes all other amounts which arise as a result of VAT returns submitted to SARS.

Where the municipality has an obligation to pay over VAT, but the amount has not been collected from a third party, this amount is disclosed separately as a VAT output provision, until such time as the amount is collected from the third party, wherein after it is declared to SARS on the municipality's VAT return.

Where the municipality is entitled to claim VAT, but the amount has not been paid to a third party (accruals), this amount is disclosed as a VAT input provision, until such time as the amount is paid by the municipality to the third party, wherein after it is claimed from SARS on the municipality's VAT return.

# **SARAH BAARTMAN DISTRICT MUNICIPALITY**

Group Annual Financial Statements for the year ended 30 June 2024

## **Accounting Policies**

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### **1.10 Leases**

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### **Operating leases - lessor**

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in the statement of financial performance.

#### **Operating leases - lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.11 Financial instruments

#### Classification

The municipality classifies financial assets and financial liabilities into the following categories.

Financial assets at amortised cost.

Financial liabilities measured at amortised cost.

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or loss, which shall not be classified out of the fair value through surplus or loss category.

#### Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or a residual interest instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for residual interest investments for which a fair value is not determinable, which are measured at cost.

For financial instruments which are not at fair value, transaction costs are included in the initial measurement of the instrument.

#### Subsequent measurement

Financial assets at amortised cost are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities are subsequently measured at amortised cost, using the effective interest method.

#### Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

#### Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

#### Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.11 Financial instruments (continued)

#### Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, through the amortisation process.

#### Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where

- the rights to receive cash flows from the asset have expired;
- the municipality retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or

Where the municipality has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the municipality's continuing involvement in the asset.

#### Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

#### Cash and cash equivalents

Cash includes cash on hand and cash held at banks. Cash equivalents are short-term, liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

Cash and cash equivalents are classified as "Financial assets at amortised cost" and are initially measured at cost. Subsequent measurement is at amortised cost.

#### Short-term investments

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at amortised cost are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Financial assets at amortised cost, receivable within 3 months are included in cash and cash equivalents in the Statement of Financial Position.

Investments are initially measured at fair value and subsequently at amortised cost.

#### Receivables from exchange and no-exchange transactions

Receivables are classified as "Financial assets at amortised cost" and are initially recognized at the fair value. Subsequent measurement is at amortised cost. An estimate is made of doubtful receivables based on a review of outstanding amounts at year end. Bad debts are written off during the year in which they are identified based on the assessment on the recoverability of the receivable. Amounts that are receivable within 12 months from the reporting date are classified as current.

#### Payables from exchange transactions

Payables are classified as "Financial liabilities at amortised cost" and are initially recognized at the fair value of the present obligation of a past event. Subsequent measurement is at amortised cost.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

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## Accounting Policies

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### 1.12 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

#### Accrued leave pay

The leave pay accrual is calculated taking into account the actual number of days accrued and the remuneration as at 30 June.

#### Accrued bonuses

The Municipality recognises the expected cost of bonuses as a provision only when the Municipality has a present legal or constructive obligation to make such payment, and a reliable estimate can be made at reporting date.

#### Post-employment benefits

The municipality provides certain post-retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current conditions of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the member is liable for 30% of the medical aid membership fee, and the municipality for the remaining 70%. The medical aid contributions are charged to the Statement of Financial Performance as they fall due.

The retirement benefits are calculated in accordance with the rules of the funds. Full actuarial valuations are performed on a regular basis on defined benefit contribution plans, unless exemption to do so has been obtained from the Registrar of Pension Funds.

The municipality's net obligation in respect of defined benefit retirement and post-retirement plans are calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. These benefits are discounted to determine their present value, and any unrecognised past service costs and the fair value of any plan assets are deducted. The actuarial valuation is performed by an independent qualified actuary on a regular basis, using the projected unit credit method. When the calculation results in a benefit to the municipality, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. The actuarial gain is transacted in full in the Statement of Financial Performance and not calculated and accounted for according to the "corridor" method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in the Statement of Financial Performance on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the Statement of Financial Performance.

### 1.13 Provisions

Provisions are recognised when: the municipality has a present obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.13 Provisions (continued)

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

A contingent liability is a possible obligation depending on whether some uncertain future event occurs now wholly within the control of the municipality, or a present obligation by payment is not probable or the amount cannot be measured reliably.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 31.

### 1.14 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.15 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Donations are recognised on a cash receipt basis, or where the donation is in the form of property, plant and equipment, at the fair value of the asset at the date of acquisition.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received, but the municipality has not met the condition, a liability is recognised.

Contributed property, plant and equipment is recognised when ownership of the items of property, plant and equipment is transferred to the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act no. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

### Grants, transfers and donations

#### Unconditional grants and receipts

Revenue from unconditional grants is recognised when it is probable that the economic benefits or service potential will flow to the municipality and the amount of the revenue can be measured reliably. Since these grants are unconditional and there are no attached stipulations, the grants are recognised as revenue or, if the asset recognition criteria have been met, as assets in the reporting period in which they are received or receivable.

#### Conditional grants and receipts

Revenue received from conditional grants, donations and funding is recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the criteria, conditions or obligations have not been met, a liability is recognised. Revenue is recognised and the liability is decreased as the conditions associated with the grant is met.

### 1.16 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

### 1.17 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and/or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods.

### 1.18 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.18 Unauthorised expenditure (continued)

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.19 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.20 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No.86 of 1968), or any regulations made in terms of the Act or;
- (c) any provincial legislation providing for procurement procedures in the provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the MFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial year and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.21 Budget information

The annual budget figures have been prepared in accordance with the Municipal Budget and Reporting Regulations, 2009. A comparative of actual to budgeted amounts are reported in a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the Statement giving motivations for over - or under spending on line items where it is found to be material. The budgeted figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is prepared and approved on a cash basis by nature classification. The approved budget covers the fiscal period from 1 July 2023 to 30 June 2024.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.21 Budget information (continued)

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The budget for the economic entity includes the entity's approved budget under its control.

The Statement of comparative and actual information has been included in the group annual financial statements as the recommended disclosure when the group annual financial statements and the budget are on the same basis of accounting.

### 1.22 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

### 1.23 Unutilised conditional grants

#### Initial recognition

Unutilised conditional grants are reflected on the Statement of Financial Position as a short-term portion of unspent conditional grants. They represent unspent government grants, subsidies and contributions from the public. The following conditions are set for the creation and utilisation of these creditors:

- The grant received is initially recognised at cost as unspent conditional grants.
- Whenever an item of property, plant and equipment is funded from a grant, an amount equal to the purchase price is transferred from the unspent conditional grants account to the operating account on the Statement of Financial Performance as revenue.
- Whenever operational expenditure is funded from a grant, an amount equal to the expenditure is transferred from the unspent conditional grants account to the operating account on the Statement of Financial Performance as revenue to offset the expenditure which was expensed through the operating account.
- The cash which backs the unspent portion is invested until utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If the grant conditions indicate that interest is payable to donors then interest earned on unutilised conditional grants is allocated to the funds and is not recognized in the Statement of Financial Performance.
- The unspent grant is classified as "Financial liabilities at amortised cost".

#### Subsequent measurement

Unspent conditional grants are subsequently measured at amortised cost if material.

#### Derecognition

Unspent conditional grants are derecognised when the balance was expended per the conditions as set for a grant.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.24 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

The municipality is organised and reports to management on the basis of four major functional areas: Municipal Manager, Finance and Corporate Services, Planning and Development and Infrastructure and Development. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

### 1.25 Accounting by principals and agents

#### Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

#### Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

#### Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.25 Accounting by principals and agents (continued)

#### Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

#### Recognition

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with para 46. of the requirements of GRAP 109.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of para. 50 of GRAP 109.

The municipality is in the process of designing and implementing its own policy to address the specific requirements of GRAP 109.

### 1.26 Deposits paid

Deposits paid are disclosed as current assets and are carried at amortised cost.

Deposits paid primarily relate to services provided to the Municipality such as electricity, post office services and parking facilities used.

### 1.27 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Accounting Policies

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### 1.27 Impairment of cash-generating assets (continued)

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

### 1.28 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

Figures in Rand	2024	2023
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### 2. New standards and interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 103: Heritage Assets	01 April 2023	The impact of the standard is not material.
• GRAP 1: Presentation of Financial Statements	01 April 2023	The impact of the standard is not material.
• GRAP 104 (as revised): Financial Instruments	01 April 2023	The impact of the standard is not material.

#### 2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 103: Heritage Assets	01 April 2024	Expected impact has not been assessed
• GRAP 1: Presentation of Financial Statements	01 April 2024	Expected impact has not been assessed
• GRAP 104: Financial Instruments	01 April 2024	Expected impact has not been assessed

### 3. Receivables from exchange transactions

Accrued interest	1 204 020	1 240 204
Job evaluations	4 039 642	3 322 061
Allowance for impairment	(4 088 093)	(2 261 020)
Other debtors	1 610 000	-
Prepayments	890 845	738 401
Rental	64 802	25 174
	<b>3 721 216</b>	<b>3 064 820</b>

#### Receivables from exchange transactions past due but not impaired

Receivables from exchange transactions which are less than 90 days past due are not considered to be impaired. At 30 June 2024, R44 007 (2023: R 1 086 406) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Less than 90 days past due	44 007	1 086 406
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#### Receivables from exchange transactions impaired

The amount of the provision was R4 088 093 as of 30 June 2024 (2023: R 2 261 020).

The ageing of these receivables is as follows:

Over 90 days	4 088 093	2 261 020
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# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

Figures in Rand	2024	2023
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### 3. Receivables from exchange transactions (continued)

#### Reconciliation of provision for impairment of receivables from exchange transactions

Opening balance	(2 261 020)	(1 680 991)
Provision for impairment	(1 827 073)	(580 029)
	<u>(4 088 093)</u>	<u>(2 261 020)</u>

Receivables from exchange transactions relates to rental and job evaluation debtors and the allowance for impairment relates to these debtors only.

### 4. Receivables from non-exchange transactions

General debtors	118 944	1 960 102
Other receivables	407 610	227 237
Allowance for impairment	(106 250)	(14 890)
Salaries and wages debtors	335 299	329 483
	<u>755 602</u>	<u>2 501 931</u>

#### Receivables from non-exchange transactions past due but not impaired

Receivables from non-exchange transactions which are less than 90 days past due are not considered to be impaired. At 30 June 2024, R- (2023: R -) were past due but not impaired.

#### Receivables from non-exchange transactions impaired

The amount of the provision was R106 250 as of 30 June 2024 (2023: R 14 890).

The ageing of these receivables is as follows:

Over 90 days	106 250	14 890
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#### Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	(14 890)	(1 440)
Provision for impairment	(91 360)	(13 450)
	<u>(106 250)</u>	<u>(14 890)</u>

### 5. Statutory receivable

VAT	<u>2 643 281</u>	<u>1 809 594</u>
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All VAT returns have been submitted by their due dates throughout the year.

VAT is accounted for on the invoice basis. No discounting was performed.

### 6. Short-term investments

Short-term balances at year end	<u>115 000 000</u>	<u>164 000 000</u>
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All short-term investments that will mature in more than 3 months, but less than 12 months after the reporting date, is classified as short term investments and do not form part of cash and cash equivalents. Refer note 47 for a summary of short-term investment accounts.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

Figures in Rand	2024	2023
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### 7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	6 100	6 100
Bank balances	18 251 772	12 301 677
Short-term deposits	84 000 000	45 000 000
	<b>102 257 872</b>	<b>57 307 777</b>

#### Short-term deposits

Cash and cash equivalents are classified as a financial asset under loans and receivables at amortised costs. All short term deposits mature within 3 months after the reporting date.

No discounting was performed due to the short term nature of the cash turnover and the fact that all investments earned interest. The fair value cash and cash equivalents approximates their carrying amounts. No cash deposits were ceded as collateral.

The return on investment for 2024 fluctuates between 7.64% and 10.05%. (2023:5.27% and 10.05%).

#### Short-term investments

Call Account Deposits	84 000 000	45 000 000
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#### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
ABSA Limited, 32 Govan Mbeki Avenue, Gqeberha, Current Account (Primary Account) 1640-000-062	7 502 464	1 104 406	2 451 317	10 831 865	1 532 748	2 411 608
ABSA Limited (Call Account) 4099-506-083	84 000 000	45 000 000	74 000 000	84 000 000	45 000 000	74 000 000
ABSA Limited, Current Account (Primary Account - CDDA) 40-8134-2536	360 975	554 969	1 004 741	360 975	554 968	1 004 741
ABSA Limited (Call Account - CDDA) 92-8612-7645	148 714	1 154 620	2 127 991	148 714	1 154 620	2 127 991
ABSA Limited (Investment Account - CDDA) 93-5552-0986	6 910 217	9 059 341	8 438 049	6 910 217	9 059 341	8 438 049
<b>Total</b>	<b>98 922 370</b>	<b>56 873 336</b>	<b>88 022 098</b>	<b>102 251 771</b>	<b>57 301 677</b>	<b>87 982 389</b>

### 8. Deposits paid

Deposits - Electricity	5 000	5 000
Deposits - Parking Grace Street	1 410	1 410
Deposits - Post Office	9 000	9 000
	<b>15 410</b>	<b>15 410</b>

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

Figures in Rand

### 9. Investment property

2024		2023	
Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation
12 643 000	(1 678 066)	10 964 934	12 643 000
			Accumulated depreciation and accumulated impairment
			10 964 934

Investment property

### Reconciliation of investment property - 2024

Investment property

Opening balance	Total
10 964 934	10 964 934

### Reconciliation of investment property - 2023

Investment property

Opening balance	Total
10 964 934	10 964 934

No operating expenditure was incurred by the Municipality on the investment properties during the current and previous financial year.

Investment properties are leased mainly to organs of state and the rentals are not market related. The rental revenue received for the year is R175 707 (2023: R109 739).

A register containing the information required by section 63 of the Municipal Finance Management Act 56 of 2003 is available for inspection at the registered office of the Sarah Baartman District Municipality.

Refer to Appendix A for more details.

**SARAH BAARTMAN DISTRICT MUNICIPALITY**  
 Group Annual Financial Statements for the year ended 30 June 2024

**Notes to the Group Annual Financial Statements**

Figures in Rand

**10. Property, plant and equipment**

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	1 754 636	-	1 754 636	1 754 636	-	1 754 636
Buildings	7 246 840	(1 072 231)	6 174 609	7 246 840	(1 072 231)	6 174 609
Specialised plant and machinery	4 156 769	(2 305 329)	1 851 440	4 156 769	(2 033 669)	2 123 100
Motor vehicles	12 562 062	(6 367 653)	6 194 409	10 413 952	(6 055 062)	4 358 890
Office equipment	5 719 814	(4 276 212)	1 443 602	5 583 459	(3 950 884)	1 632 575
IT equipment	7 838 101	(4 238 789)	3 599 312	6 363 611	(4 186 171)	2 177 440
Bins and containers	98 988	(96 162)	2 826	98 988	(96 162)	2 826
Total	39 377 210	(18 356 376)	21 020 834	35 618 255	(17 394 179)	18 223 876

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

Figures in Rand

### 10. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	1 754 636	-	-	-	-	1 754 636
Buildings	6 174 609	-	-	-	-	6 174 609
Specialised plant and machinery	2 123 100	-	(3)	(244 624)	(27 033)	1 851 441
Motor vehicles	4 358 890	2 726 530	(212 842)	(678 358)	-	6 194 409
Office equipment	1 632 576	157 354	(19)	(336 214)	(10 104)	1 443 602
IT equipment	2 177 239	2 116 932	(44 797)	(640 692)	(9 358)	3 599 313
Bins and containers	2 826	-	-	-	-	2 826
	<b>18 223 876</b>	<b>5 000 816</b>	<b>(257 661)</b>	<b>(1 899 888)</b>	<b>(46 495)</b>	<b>21 020 836</b>

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

Figures in Rand

### 10. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Land	1 754 636	-	-	-	-	1 754 636
Buildings	6 174 609	-	-	-	-	6 174 609
Specialised plant and machinery	2 218 423	156 584	(3 271)	(243 174)	(5 462)	2 123 100
Motor vehicles	5 654 127	-	(667 461)	(627 776)	-	4 358 890
Office equipment	1 854 766	106 636	(17)	(312 487)	(16 123)	1 632 576
IT equipment	1 340 753	1 384 982	(7 037)	(503 323)	(38 150)	2 177 239
Bins and containers	2 826	-	-	-	-	2 826
	<b>18 999 941</b>	<b>1 648 202</b>	<b>(677 786)</b>	<b>(1 686 760)</b>	<b>(59 735)</b>	<b>18 223 876</b>

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

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### 10. Property, plant and equipment (continued)

The introduction of the new Municipal Chart of Accounts has resulted in a few changes within the property, plant and equipment note. The changes does not specifically require a reclassification as the balance of property, plant and equipment is consistent with the prior year and does not affect presentation of the Statement of Financial Position:

- Furniture and Fittings have been consolidated with Office Equipment; and
- Specialised vehicles have been consolidated with Motor Vehicles.

Therefore, no reclassification was considered necessary.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Refer to Appendix A for more details.

**SARAH BAARTMAN DISTRICT MUNICIPALITY**  
Group Annual Financial Statements for the year ended 30 June 2024  
**Notes to the Group Annual Financial Statements**

Figures in Rand

**11. Intangible assets**

	2024		2023			
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	7 904 848	(4 370 596)	3 534 252	6 663 293	(3 747 189)	2 916 104

**Reconciliation of intangible assets - 2024**

	Opening balance	Additions	Amortisation	Total
Computer software	2 916 104	1 466 773	(848 625)	3 534 252

**Reconciliation of intangible assets - 2023**

	Opening balance	Additions	Amortisation	Total
Computer software	1 291 923	2 193 866	(569 685)	2 916 104

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

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### 11. Intangible assets (continued)

#### Computer Software

##### Financial Systems (APPX)

The financial system was initiated through an annual licence with no initial purchase price. The software was then internally developed to meet the financial and other processing requirements of the municipality. In January 2020, Council approved the change of financial system from Sage Evolution to the in-house owned APPX Financial System with effect from 1 July 2020. Certain modules of the APPX Financial System were further developed to ensure that the municipality meets the Municipal Standard Chart of Accounts requirements before the 2020/21 financial year. The costs of this development were capitalised to the cost of computer software.

##### mSCOA Budget System (APPX)

An mSCOA compliant budget module was developed on the in-house APPX system in order to ensure that the municipality meets Municipal Standard Chart of Accounts requirements before the 2020/21 financial year. The costs of this development were capitalised to the cost of computer software.

Further costs of R868 745 (2023: R542 205) relating to the development of this system, were capitalised to the cost of computer software during the current financial year.

##### Disaster Management System

An Integrated Disaster Management Information and Communication System was developed during the current financial year. It is a district-wide integrated disaster management information and communication system that enables local municipalities to communicate with each other and with the District Municipality. The information on the system will be utilised to manage and take decisions during a significant incident or a disaster. The system is an online (web-based), operational management, reporting and communication tool, developed for Disaster Management and fire services with a wide variety of incidents including but not limited to veld fires, structural fires, social unrest, public events, automobile accidents, hazmat spills, specialist technical rescue. The costs of R617 705 relating to the development of this system, were capitalised to the cost of computer software during the prior financial year.

##### Interactive Virtual Travel Platform (IVTP)

An 360-Degree, Interactive Virtual Travel Platform (IVTP) was developed during the current financial year. The purpose of the IVTP is to take the Sarah Baartman District offering to the world with the inclusion of 34 Adventure locations across the region. The IVTP will be accessible from municipality's website & Social Media Platforms to allow users, nationally and internationally, to take a fully immersive experience of what the region has to offer, encouraging new visitors to boost tourism. The costs of R1 033 848 relating to the development of this system, were capitalised to the cost of computer software during the prior financial year.

##### Nutanix (Hyper Converged Infrastructure (HCI)) software

The Nutanix (Hyper Converged Infrastructure (HCI)) software or equivalent VMware Software is a software-based architecture, which tightly integrates virtualization, compute, storage, and networking resources on commodity hardware server. The Software is embedded to the back-end hardware server. This software allows multiple virtual servers which are hosting the Municipal Line of Business Applications (LOB) (e.g. Sage People (HR and Payroll) System), Finance System, File Server, GIS System etc.) accessed by employees to run on a single physical hardware server. The software provides local area network connectivity capability to employees to fully utilise Municipal ICT Infrastructure for the purpose of communication in the Municipality, as their workstations such as laptops can connect to the network and access information \data via shared network drives. The cost of R598 027 relating relating to the development of this system was capitalized to the computer software during the current financial year.

**SARAH BAARTMAN DISTRICT MUNICIPALITY**

Group Annual Financial Statements for the year ended 30 June 2024

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**12. Heritage assets**

	2024		2023	
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation
Conservation areas	16 212 500	(536 500)	15 676 000	16 212 500
			(536 500)	
				15 676 000

**Reconciliation of heritage assets 2024**

Conservation areas	Opening balance	Total
	15 676 000	15 676 000

**Reconciliation of heritage assets 2023**

Conservation areas	Opening balance	Total
	15 676 000	15 676 000

**Heritage assets held at cost**

A register containing the information required by section 63 of the Municipal Finance Management Act 56 of 2003 is available for the inspection at the registered office of the Sarah Baartman District Municipality.

Refer to Appendix A for more details.

Refer to note 27 for details of the impairment losses recognised.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

Figures in Rand	2024	2023
<b>13. Long-term receivables</b>		
Disciplinary action recoveries	102 196	114 196
		-
Classified as a financial asset and measured at amortised cost.		
<b>14. Payables from exchange transactions</b>		
Employee benefits*	6 728 492	6 648 939
Other payables	24 462 763	16 066 693
	<b>31 191 255</b>	<b>22 715 632</b>

\* Not financial instruments.

Normal terms of repayment is 30 days and no discounting was calculated.

### Makana Municipality - MIG Interest

The MIG grant allocation of Makana Local Municipality was transferred to SBDM in prior years to ensure proper management of the grant funds in terms of the MFMA and the grant conditions. A Service Level Agreement (SLA) was entered into between the SBDM and Makana Local Municipality to manage the proper disbursement of the MIG allocation as well as the approved rollover amount. The grant was fully spent during the 2018/19 financial year. In terms of the SLA, the interest that accrues on the funds administered by SBDM on behalf of Makana Municipality, should be utilised for infrastructure projects of Makana Municipality. Claims amounting to R1 101 766 (2023: R1 698 875) were paid in the current financial year.

### Payments in Advance - Other

When the roadworks, emergency medical services and health function was transferred to the Province, the municipality was requested to administer the payments to pensioners as the provincial system could not accommodate past employees. An agreement was entered into between the municipality and Province whereby Province would pay the pensioners' annual amount to the municipality and the municipality would administer the monthly payments. Included in payments in advance - other is an amount of R373 209 (2023: R285 827) relating to the payments to pensioners.

### Eastern Cape Department of Transport (ECDoT) Grant

During the 2021/22 financial year, the municipality entered into an agreement with the Eastern Cape Department of Transport (ECDoT) whereby the municipality was appointed as implementing agent to execute services as specified in the agreement (see note 44). The appointment is for the management and facilitation of maintenance activities to be carried out along taxi routes within the Makana Local Municipality, in the Sarah Baartman District. An amount of R469 809 (2023: R4 136 414) was unspent at year end.

### Eastern Cape Department of Human Settlements (ECDoHS) Grant

During the 2023/24 financial year, the municipality entered into an agreement with the Eastern Cape Department of Human Settlements (ECDoHS), whereby the municipality was appointed as the implementing agent for a project relating to the upgrading of 32 informal settlements (see note 44). The project funds are to be strictly used for the upgrading costs in accordance with the UISP subsidy instrument encapsulated in the National Housing Code as amended. An amount of R384 737 (2023: R0) was unspent at year end.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

Figures in Rand	2024	2023
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### 14. Payables from exchange transactions (continued)

#### Employee benefits

Accrued annual bonus	1 317 031	1 238 825
Accrued leave pay	3 797 553	4 086 578
Performance bonus	708 422	310 767
Long service bonus	738 914	839 781
Other employee costs	166 572	172 988
	<b>6 728 492</b>	<b>6 648 939</b>

#### Other payables

Accrued interest - MIG	597 109	1 698 875
Advance payments	373 209	285 827
Eastern Cape Department of Transport (ECDoT)	469 809	4 136 414
Eastern Cape Department of Human Settlements (ECDoHS)	384 737	-
Payables and accruals	518 357	1 123 510
Trade and other payables	22 119 542	8 822 067
	<b>24 462 763</b>	<b>16 066 693</b>

### 15. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Rural Roads Asset Management Grant	-	350 420
ECDC - Sand mining feasibility project - CDDA	500 000	-
ECDC - Food and beverages incubator - CDDA	1 750 000	-
	<b>2 250 000</b>	<b>350 420</b>

See note 46 for the disclosure requirements in terms of section 123(1) of the MFMA. A complete list of all conditions are available for viewing at the municipality during office hours.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

Figures in Rand	2024	2023
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### 16. Employee benefit obligations

#### Post Retirement fund benefits

The municipality's post-employment medical benefit is a post-employment defined benefit plan and consists of a commitment to pay a portion of the pensioners' post-employment medical scheme contributions. This benefit is also generated in respect of dependents who are offered continued membership of the medical scheme on the death of the primary member.

The municipality is committed to pay subsidies broadly as follows:

In-service members will receive a post-employment subsidy of 70% of the contribution payable should they be a member of a medical scheme at retirement.

All continuation members and their eligible dependants receive a 70% subsidy. Upon a member's death-in-service or death-in-retirement, the surviving dependants will continue to receive the same subsidy.

The municipality's net obligation in respect of post employment medical benefits was calculated by Arch Actuarial Consulting. The provision was established for the purpose of generating interest that is utilised to fund the yearly medical scheme commitments in respect of post employment medical benefits. The expected future outflows is dependent upon life expectancy of existing members and their spouses.

66 Principal members are currently covered by the fund (2023: 65).

#### Valuation method

The death in-service benefit is regarded as a post employment liability under the requirements of the Standards of GRAP 25.

#### Post retirement benefits

The method for accrual that has been used in the valuation is based on the length of service of the valuation date relative to the total potential service until the expected retirement date. The future-service liability is the difference between the total liability and the past service liability.

#### Accrued defined benefit obligation

The accrued liability is the value of the employer's share of the contribution-based liability.

#### Current service cost

The current costs for the following year is determined as the amount assumed to accrue to the member over the twelve months.

The amounts recognised in the statement of financial position are as follows:

#### Carrying value

Long-term portion of post-employment medical benefit	(54 338 000)	(51 665 075)
Short-term portion of post-employment medical benefit	(5 094 000)	(4 814 733)
	<b>(59 432 000)</b>	<b>(56 479 808)</b>
Non-current liabilities	(54 338 000)	(51 665 075)
Current liabilities	(5 094 000)	(4 814 733)
	<b>(59 432 000)</b>	<b>(56 479 808)</b>

The funded status is calculated by comparing the accrued liabilities, as at the valuation date, with the plan assets held. The funded status, as at valuations dates, is shown below.

#### Accrued liability

Post-employment medical benefit	(59 432 000)	(56 479 808)
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# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

Figures in Rand	2024	2023
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### 16. Employee benefit obligations (continued)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	56 479 808	61 540 069
Contributions (benefits) paid	(4 730 260)	(4 421 550)
Current service costs	491 986	671 459
Actuarial (gain)/loss on post employment medical benefit	617 278	(8 402 672)
Interest costs (discounting)	6 573 188	7 092 502
	<b>59 432 000</b>	<b>56 479 808</b>

The estimated expected timing of resulting outflows of post employment medical benefits are:

Within one year	5 094 000	4 814 733
Later than one year, not later than five years	8 914 800	8 848 776
Later than five years	45 423 200	42 816 299
	<b>59 432 000</b>	<b>56 479 808</b>

### Accumulative actuarial gains and losses

Balance at the beginning of the year	(13 503 589)	(5 100 917)
Projected during the year	617 278	(8 402 672)
	<b>(12 886 311)</b>	<b>(13 503 589)</b>

The present value of the defined benefit obligation for the current annual period compared to the previous four annual periods are as follows:

Financial period 2019/2020	58 410 026
Financial period 2020/2021	63 199 852
Financial period 2021/2022	61 540 069
Financial period 2022/2023	56 479 808
Financial period 2023/2024	59 432 000

### Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11,59 %	12,02 %
Consumer price inflation	5,67 %	6,25 %
Health care cost inflation	7,17 %	7,75 %
Maximum subsidy inflation rate	4,12 %	3,96 %

The discount rate was determined by using the Johannesburg Stock Exchange as at 30 June 2024 which is 11.59 % per annum, and the yield on the inflation-linked bonds of similar terms was 5.13% per annum, implying an underlying expectation of inflation of 5.67 % per annum.

A healthcare cost inflation rate of 7.17% was assumed. This is 1.50 % in excess of the expected inflation over the expected term of the liability, consistent with the previous actuarial valuation.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

Figures in Rand	2024	2023
<b>17. Accumulated surplus</b>		
The accumulated surplus is reserved for the following purposes:		
General	182 684 631	197 065 106
General	180 434 631	166 714 686
Relocations costs allocated to surplus	-	30 000 000
Unspent conditional grants	2 250 000	350 420
	<b>182 684 631</b>	<b>197 065 106</b>
<b>18. Interest earned</b>		
<b>Interest earned</b>		
Interest received - Investment	20 174 181	17 256 283
Interest received - Cash and cash equivalents	435 707	334 704
Interest received - Other	2 021	1 332
	<b>20 611 909</b>	<b>17 592 319</b>
<b>19. Job evaluation fees</b>		
Job evaluation fees	961 630	1 082 793

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

Figures in Rand	2024	2023
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### 20. Government grants & subsidies

#### Operating grants

Equitable share	110 303 000	102 564 000
Grant funding - expenditure reimbursement	5 586 000	4 118 580
Department of Economic Development Environmental Affairs and Tourism Grant - Waste Management Equipment and Materials	-	5 000 000
Discretionary grant from the Local Government SETA	1 690 020	866 880
	<b>117 579 020</b>	<b>112 549 460</b>

#### Equitable Share

In terms of the Constitution, this grant is used to finance the operations of the institution.

#### DORA

Balance unspent at beginning of year	350 420	-
Current-year receipts	5 235 580	4 469 000
Conditions met - transferred to revenue	(5 586 000)	(4 118 580)
	<b>-</b>	<b>350 420</b>

Conditions still to be met - remain liabilities (see note 15).

The following conditional grants were received through the DORA allocation during the financial year:

R 1 000 000 - Finance Management Grant (FMG)  
R 2 405 000 - Rural Roads Asset Management Grant (RRAMS)  
R 2 181 000 - Expanded Public Works Programme (EPWP)

Refer to Note 49 for Disclosure of Grants and Subsidies in terms of Section 123 Of MFMA, 56 of 2003.

#### Grants from Provincial Departments

Current-year receipts	2 250 000	-
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Conditions still to be met - remain liabilities (see note 15).

The current year receipts relates to the Somerset East Industrial Park and funds have been received by the municipal entity (CDDA) from the Provincial Department through the Eastern Cape Development Corporation (ECDC).

#### Conditional and Unconditional

Somerset East Industrial Park	-	2 942 028
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In the prior year, a conditional grant was received by the municipal entity from the Provincial Economic Stimulus Fund.

### 21. Other revenue

Contribution from skills development fund	158 146	161 401
Environmental health certificates	123 620	133 531
Insurance refund received	27 283	48 962
Other income	96 871	229 123
Settlement discount received	40 332	36 920
Tender deposit	1 043	574
	<b>447 295</b>	<b>610 511</b>

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

Figures in Rand	2024	2023
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### 22. Remuneration of employees

Basic	45 325 519	42 222 002
Bonus	3 056 658	3 285 736
Medical aid - contributions	2 870 780	2 207 664
Unemployment insurance fund	199 933	199 121
Workmens compensation	329 446	310 364
Other payroll levies	12 802	12 053
Travel, motor car, accommodation, subsistence and other allowances	1 748 519	1 920 519
Overtime payments	70 772	96 277
Pension fund contributions	4 641 413	4 340 826
Housing benefits and allowances	300 045	318 994
Other allowances	689 913	691 422
Other short term costs	732 152	2 237 251
	<b>59 977 952</b>	<b>57 842 229</b>

### Remuneration of Municipal Manager

Annual Remuneration	1 454 400	1 330 411
Car Allowance	120 000	120 000
Cellphone Allowance	6 000	1 500
Contributions to UIF, Medical and Pension Funds	6 924	6 548
	<b>1 587 324</b>	<b>1 458 459</b>

Ms U Daniels was appointed as Municipal Manager on 1 June 2022 for a period of 5 years.

### Remuneration of the Director: Finance and Corporate Services

Annual Remuneration	1 223 292	1 111 848
Car Allowance	69 984	69 984
Cellphone Allowance	6 000	6 000
Performance Bonus	-	164 958
Contributions to UIF, Medical and Pension Funds	6 924	6 548
	<b>1 306 200</b>	<b>1 359 338</b>

Mrs K Abrahams was appointed as Director: Finance and Corporate Services on 1 October 2020 for a period of 5 years.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

Figures in Rand	2024	2023
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### 22. Construction contracts and receivables (continued)

#### Remuneration of Director: Infrastructure Development and Community Services

Annual Remuneration	974 446	674 366
Car Allowance	80 000	60 000
Cellphone allowance	10 000	3 000
Performance Bonus	-	80 533
Contributions to UIF, Medical and Pension Funds	6 547	5 421
	<b>1 070 993</b>	<b>823 320</b>

Ms O Kwababana was appointed as Director: Infrastructure Development and Community Services on 1 September 2023. The current year remuneration reflected is for a period of 10 months.

The 5 year fixed term contract of the former Director: Infrastructure Development and Community Services, Ms T Betha, expired on 31 December 2022. The prior year remuneration reflected is the remuneration paid to Ms T Betha for a period of 6 months.

#### Remuneration of the Director: Planning and Economic Development

Annual Remuneration	1 169 850	585 540
Car Allowance	96 000	40 000
Cellphone allowance	6 000	2 000
Performance Bonus	-	84 367
Contributions to UIF, Medical and Pension Funds	6 924	3 182
	<b>1 278 774</b>	<b>715 089</b>

Mr D Magxwalisa was appointed as Director Planning and Economic Development on 1 January 2023 for a period of 5 years. The prior year remuneration is for a period of 6 months.

#### Remuneration of the Chief Executive Officer (CDDA)

Annual Remuneration	1 269 437	949 261
Car Allowance	138 000	115 000
Performance Bonuses	82 246	-
Cellphone allowance	30 000	12 807
	<b>1 519 683</b>	<b>1 077 068</b>

### 23. Remuneration of councillors

Executive Mayor	1 041 287	977 171
Speaker	843 147	774 930
Portfolio Councillor: Special Programmes	739 534	60 767
Portfolio Councillor: Finance	793 971	730 408
Portfolio Councillor: Corporate Services	824 159	729 208
Portfolio Councillor: Infrastructure Development and Community Services	740 906	730 408
Portfolio Councillor: Planning and Economic Development	793 821	657 224
District Councillors	2 176 144	2 269 516
Board Members - CDDA	278 359	267 831
	<b>8 231 328</b>	<b>7 197 463</b>

#### In-kind benefits

The Executive Mayor and Mayoral Committee Members are full-time Councillors and are provided with offices and secretarial support at the costs of the Council. The salaries, allowances and benefits of the Councillors of the Municipality are within the upper limits of the framework envisaged in section 2019 of the constitution.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

Figures in Rand	2024	2023
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### 24. Grants and subsidies paid

Conditional grant expenditure	4 957 862	3 805 741
Fire Services Subsidies	12 027 783	11 965 195
Environmental Health Subsidies	4 937 680	4 716 000
	<b>21 923 325</b>	<b>20 486 936</b>

#### Conditional grant expenditure has been funded by

Finance Management Grant (FMG) - Financial Sustainability	695 652	863 923
Rural Roads Asset Management Grant (RRAMS) - Road Maintenance Systems	2 104 681	1 872 652
Expanded Public Works Programme (EPWP) - Volunteers	2 157 529	1 069 166
	<b>4 957 862</b>	<b>3 805 741</b>

### Fire Services & Environmental Health Subsidies

The municipality has entered into a Principal-agent relationship with its local municipalities due to the requirements of the National Health Amendments Act, 2013 (Act No.12 of 2013) for the Environmental Health Services.

Local municipalities are given the subsidy to execute the service of behalf of the District Municipality. Revenue that is collected by the local municipalities is not transferred to the District Municipality and the assets that are bought by the local municipalities using the subsidy are owned by the local municipalities.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

Figures in Rand	2024	2023
<b>25. General expenses</b>		
Advertising	453 945	508 981
Auditors remuneration	4 077 662	4 085 367
Catering	899 723	1 769 924
Computer expenses	377 991	313 382
Congress and visits	3 266 259	2 821 858
Environmental health	368 313	297 636
Fuel and oil	1 407 315	1 211 764
General - other	1 395 817	1 307 079
Insurance	800 095	976 544
Interview expenses	86 784	73 837
Legal expenses	343 498	225 379
Licences	2 729 175	1 656 131
Printing and stationery	702 538	681 453
Project costs (detailed breakdown below)	24 682 525	25 982 886
Publications	548 223	383 948
Re-imbursive travel	892 560	740 133
Rental expense	205 415	207 822
Study grants	34 175	35 228
Subscriptions	804 610	759 188
Telephone and fax	168 910	150 383
Training and development	885 708	663 129
Utilities	1 120 452	1 048 674
	<b>46 251 693</b>	<b>45 900 727</b>

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

Figures in Rand	2024	2023
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### 25. General expenses (continued)

Detailed breakdown for Project Costs	2024	2023
Corporate Social Investment - CDDA	581 015	-
Beef Project - CDDA	-	52 194
Creative Industries	2 820 150	2 523 175
Somerset Industrial Park - CDDA	29 578	74 804
Fencing Project - CDDA	44 684	122 533
Development of Water Services Development Plans	-	455 900
Development of Disaster Management Plans	-	24 485
Development of District Development Model for SBDM	168 334	279 046
Development of Business Plans for Catalytic Projects	29 082	200 000
Covid Emergency Relief	-	199 841
Training for Water LMs	817 910	2 319 389
Waste Management Equipment and Materials DEDEAT	1 041 874	3 762 908
Support to LMs Speakers forum	-	27 684
Tourism Marketing	4 394 292	2 948 177
Implementation of HIV/AIDS	45 060	56 935
GIS Capacity Support	287 551	265 950
Sand mining feasibility - CDDA	163 704	-
Water By Law - CDDA	102 196	-
Emergency contingency	19 600	-
LED Capacity Building Training	175 915	12 450
Heritage assessment	495 000	4 531
Investor conference	112 319	-
Support to LMs - District Job Evaluations	349 844	689 050
Support to LMs - Fire equipment and machinery	913 496	790 728
Support to LMs - Fire training	1 453 563	1 231 844
Support to LMs - IDP processes	306 389	340 703
Support to LMs - Improving Audit Outcomes	2 299 480	2 389 982
Support to LMs - Legal Services	-	53 923
Support to LMs - Local Tourism and Tourism Awareness	700 000	700 000
Support to LMs - Performance Management	-	46 800
Support to LMs - Spatial Development Framework	155 425	155 250
Support to LMs - SMME	1 989 553	1 594 392
Support to LMs - Technical Town Planning	900 779	44 924
Support to sporting events	569 200	438 523
Women and Disability empowerment programmes	213 165	265 355
WSA Support	3 303 740	3 766 434
Youth Fund	199 627	144 976
	<b>24 682 525</b>	<b>25 982 886</b>

### 26. Impairment of assets

Property, plant and equipment	46 495	59 733
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In assessing whether there is any indication that the asset may be impaired, the asset was found to be significantly damaged. The recoverable amount of the asset was based on its fair value less costs to sell.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

Figures in Rand	2024	2023
<b>27. Contracted services</b>		
<b>Outsourced Services</b>		
Consultant - mSCOA system	434 119	478 025
Cleaning Services	311 874	563 415
Internal Auditors	809 013	1 148 073
Security Services	1 357 433	597 381
<b>Consultants and Professional Services</b>		
Professional Services	750 975	491 960
<b>Contractors</b>		
Maintenance of Buildings and Facilities	346 085	221 284
Maintenance of Equipment	851 610	685 663
	<b>4 861 109</b>	<b>4 185 801</b>
<b>28. Loss on disposal of assets and liabilities</b>		
Loss on disposal of property, plant and equipment	257 461	677 786
<b>29. Cash generated from operations</b>		
Deficit	(12 993 171)	(5 890 335)
<b>Adjustments for:</b>		
Depreciation and amortisation	2 748 513	2 256 446
Loss on disposal of assets	257 461	677 786
Impairment of assets	46 496	59 734
Increase/(Decrease) in provision for doubtful debts	1 918 432	593 481
Prior year errors	-	11 992
Loss / (gain) on actuarial valuation for post employment medical benefits	617 278	(8 402 672)
Service costs	491 986	671 459
Discounting of post employment medical benefit obligation	6 573 188	7 092 502
<b>Changes in working capital:</b>		
Receivables from exchange transactions	(111 977)	(372 144)
Receivables from non-exchange transactions	1 654 969	(940 738)
Payables from exchange transactions	8 510 896	3 149 825
VAT	(683 652)	1 325 153
Unspent conditional grants and receipts	(350 420)	350 420
	<b>8 679 999</b>	<b>582 909</b>

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

Figures in Rand	2024	2023
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### 30. Prior period errors

During the year, the following errors were noted in the annual financial statements submitted in the prior year. These errors have been corrected retrospectively through restatements of the prior year amounts through journals in the financial accounting system and through correcting the misrepresented column in the annual financial statements.

#### Government grants and subsidies

During 2022/23, the municipality did not receive R2 012 000 of its Equitable Share as gazetted in DoRA. The initial treatment for recognising the outstanding amount, was to recognise a debtor of R2 012 000 in the 2022/23 Annual Financial Statements relating to the portion of the equitable share which was owed to the Municipality. National Treasury resolved to invoke s24 of the Division of Revenue Act (no. 5 of 2023) (DORA) which resulted in the 2023/24 equitable share of the District Municipality being increased by R2 012 00 through Government Gazette No. 50134 of 16 February 2024. The equitable share recognised in the prior year was overstated by R2 012 000.

#### Contracted services

The Internal Auditors submitted an invoice in the 2023/24 financial year, relating to work performed during the 2022/23 financial year. The amount was not considered material, however the original Internal Audit tender was found to be irregular for the three-year period for which it was awarded. The result of this error is an understatement of contracted services and an understatement of irregular expenditure by the same amount in the prior year.

#### General expenses

Invoices amounting R2 526 were not processed in 2022/23 resulting in an understatement of general expenses.

#### Irregular expenditure

The prior year opening balance and irregular expenditure identified during 2022/23 was adjusted by R528 425 and R38 342 respectively due to adjustments identified by the Auditor-General in the 2022/23 audit.

#### Fruitless expenditure

The prior year amount identified as fruitless expenditure was adjusted by R11 700 due to a duplicate payment identified during the 2023/24 financial year.

#### Accounting for principals and agents

During the 2021/22 financial year, the municipality entered into an agreement with the Eastern Cape Department of Transport (ECDoT) whereby the municipality was appointed as implementing agent to execute services as specified in the agreement. The appointment is for the management and facilitation of maintenance activities to be carried out along taxi routes within the Makana Local Municipality, in the Sarah Baartman District. The transactions related to this agreement were not disclosed in the Accounting for principals and agents disclosure note in the prior year.

The correction of the error(s) results in adjustments as follows:

STATEMENT OF FINANCIAL POSITION	Previously reported	Correction of error	Restated 2023
<b>Current Assets</b>	-	-	-
Receivables from non-exchange transactions	4 513 931	(2 012 000)	2 501 931
Statutory receivable	1 496 620	312 974	1 809 594
Vat input provision	-	152 598	152 598
<b>Current Liabilities</b>	-	-	-
Payables from exchange transactions	18 517 445	4 198 180	22 715 625
Vat output provision	-	136 275	136 275
<b>TOTAL ASSETS</b>	<b>278 293 666</b>	<b>(1 546 437)</b>	<b>276 747 229</b>
<b>TOTAL LIABILITIES</b>	<b>75 347 673</b>	<b>4 334 455</b>	<b>79 682 128</b>
<b>NET ASSETS</b>	<b>202 945 993</b>	<b>(5 880 892)</b>	<b>197 065 101</b>

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

Figures in Rand 2024 2023

### STATEMENT OF FINANCIAL PERFORMANCE

	Previously reported	Correction of error	Restated 2023
Government grants and subsidies	114 561 460	(2 012 000)	112 549 460
Contracted services	(4 053 121)	(132 680)	(4 185 801)
General expenses	(47 492 063)	1 591 336	(45 900 727)
Remuneration of employees	(57 512 156)	(330 073)	(57 842 229)
Deficit for the year	(5 005 919)	(883 419)	(5 889 337)

### ACCUMULATED SURPLUS adjustments

	Previously reported	Correction of error	Restated 2023
Opening balance as previously reported	198 213 312	(4 997 474)	193 215 838
Surplus for the year	9 738 601	-	9 738 601
<b>Balance as at 1 July 2022 restated</b>	<b>207 951 913</b>	<b>(4 997 474)</b>	<b>202 954 439</b>
Correction of errors -	-	(1 212 713)	(1 212 713)
Deficit for the year as previously reported	(4 676 625)	-	(4 676 625)
	<b>203 275 288</b>	<b>(6 210 187)</b>	<b>197 065 101</b>

### RESTATEMENTS IN DISCLOSURE NOTES

	Previously reported	Reclassified	Restated 2023
<b>Payables from exchange transactions - Note 14</b>	-	-	-
Eastern Cape Department of Transport (ECDoT)	-	4 136 414	4 136 414
Trade and other payables	8 760 294	61 773	8 822 067
<b>Cash generated from operations - Note 28</b>	-	-	-
Deficit for the year	(5 314 122)	(576 213)	(5 890 335)
Depreciation	2 234 572	21 874	2 256 446
Receivables from exchange transactions	21 768	(393 912)	(372 144)
Receivables from non-exchange transactions	(2 952 737)	2 011 999	(940 738)
Payables from exchange transactions	4 279 179	(1 129 353)	3 149 826
Vat receivable	1 259 545	65 608	1 325 153
<b>Fruitless and wasteful expenditure - Note 33</b>	-	-	-
Expenditure identified - current	94 587	11 700	106 287
<b>Irregular expenditure - Note 34</b>	-	-	-
Opening balance	1 003 661	528 425	1 532 086
Expenditure identified - current	1 481 081	38 342	1 519 423
<b>Eastern Cape Department of Transport (ECDoT) - Note 44</b>	-	-	-
Opening balance	-	5 000 000	5 000 000
Expenses incurred on behalf of the principal	-	(863 586)	(863 586)
Total payable as disclosed in Note 14	-	4 136 414	4 136 414
<b>Reclassifications</b>	-	-	-
<b>Reclassified within Payables from Exchange (Note 14)</b>	-	-	-
Accrued annual bonus	1 427 849	(189 024)	1 238 825
Performance bonus	121 743	189 024	310 767
<b>Reclassified within Other revenue (Note 21)</b>	-	-	-
Other income	362 654	(133 531)	229 123
Environmental Health Certificates	-	133 531	133 531
	-	-	-
	-	-	-

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

Figures in Rand	2024	2023
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### 31. Contingencies

#### Contingent liabilities incurred relating to interests in other entities

There is an application to compel the Municipality to deal with sewerage spillages in the Makana area. The Municipality is cited as the second respondent. No reliable estimate is available at present.

There is an application for a supervisory order. The matter deals with failure to comply with the legislative responsibilities, obligations and duties as set on the Ndlambe by-laws and various environmental management acts, relating to properties not being fenced, no cutting of grass and no spraying of alien vegetation. No reliable estimate is available at present.

A former employee lodged a dispute with the South African Local Government Bargaining Council (SALGBC). The attorney of the former employee has requested the matter to be referred back to the SALGBC for arbitration. The institution is waiting for the date of an arbitration. No reliable estimate is available at present.

#### Contingent assets

The municipality has no contingent assets in the current and previous financial year.

### 32. Unauthorised expenditure

No unauthorised expenditure was incurred in the current and previous financial years.

### 33. Fruitless and wasteful expenditure

Opening balance as previously reported	316 903	212 180
Add: Expenditure identified - current	26 700	106 287
Less: Expenditure certified as irrecoverable / written off by Council	-	(1 564)
<b>Closing balance</b>	<b>343 603</b>	<b>316 903</b>

Fruitless and wasteful expenditure is presented inclusive of VAT

An erroneous payment of R11 700 was identified in 2023/24 which relates to expenditure incurred in 2022/23. The prior year expenditure identified has been updated - refer note 30 relating to prior year errors. The prior year amount includes three transactions related to erroneous payments amounting to R91 367, which have been referred to the Disciplinary Board for investigation. An amount of R28 051 has been reported to Council for investigation by the Section 32 Committee.

The current year expenditure includes an amount of R26 700 (2023: R8 069) which relates to fines and penalties incurred by the municipal entity.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

Figures in Rand	2024	2023
<b>34. Irregular expenditure</b>		
Opening balance as previously reported	2 047 849	1 532 086
Add: Irregular expenditure - current	11 799 698	1 519 423
Less: Expenditure certified as irrecoverable/ written off by Council	(1 481 081)	(1 000 656)
Less: Expenditure recoverable	-	(3 004)
<b>Closing balance</b>	<b>12 366 466</b>	<b>2 047 849</b>

### Details of irregular expenditure

After the council committee investigation, council adopted the council committee recommendation to write-off an amount of R1 481 0 expenditure amount as it was proven without reasonable doubt that the amount was not recoverable. An amount of R0 (2023: R3 004 disciplinary steps taken as a result of the irregular expenditure incurred and value for money was received.

The prior year opening balance and expenditure identified has been updated to reflect the correct period in which the irregular expenditure errors.

An amount of R10 457 799 relates to bids/quotes awarded that did not comply with supply chain management regulations which have

Bids/quotes awarded that did not comply with supply chain management regulation	11 561 518	1 519 423
Bid used for services not included in original agreement	238 180	-
	<b>11 799 698</b>	<b>1 519 423</b>

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

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<b>35. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Capital expenditure</b>		
• Approved and contracted for	2 200 938	498 789
This committed expenditure relates to capital assets and will be financed by retained surpluses.		
<b>Total capital commitments</b>		
Already contracted for but not provided for	2 200 938	498 789
<b>Authorised operational expenditure</b>		
<b>Non-capital expenditure</b>		
• Approved and contracted for	45 275 353	7 631 200
<b>Total operational commitments</b>		
Already contracted for but not provided for	45 275 353	7 631 200
<b>Total commitments</b>		
<b>Total commitments</b>		
Authorised capital expenditure	2 200 938	498 789
Authorised operational expenditure	45 275 353	7 631 200
	<b>47 476 291</b>	<b>8 129 989</b>

This committed expenditure relates to other: commitments and will be financed by available bank facilities, retained surpluses.

The Municipality has additional commitments with service providers which were awarded on a rate basis and budget availability. These additional commitments are related to services for vehicle maintenance, fuel cards and tracking services, short term insurance, advertising services, financial services support local Municipalities and travel agency services. The value of these commitments cannot be quantified as the commitment is only raised upon the usage of these services.

### Operating leases - as lessor (income)

<b>Minimum lease payments due</b>		
- within one year	181 667	64 594
- in second to fifth year inclusive	1	103
	<b>181 668</b>	<b>64 697</b>

Certain of the municipality's properties are held to generate rental income. No contingent rentals have been received by the Municipality.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

Figures in Rand	2024	2023
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### 36. Risk management

#### Liquidity risk

The municipality's risk to liquidity is as a result of the funds available to cover future commitments. The Municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Stringent cash management procures are in place. These include cash flow forecasting.

A sensitivity analysis has not been performed and included, as the municipality is not exposed to foreign exchange risk. The municipality does not enter into any foreign exchange transactions and since the municipality effects payments on presentation of invoices, no interest rate changes are applicable. It would thus be misleading to provide a sensitivity analysis.

The following table details the municipality's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the entity can be required to pay. The table includes both estimated interest and principal cash flows.

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
• Payable from exchange transactions	31 191 255	-	-	-
At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
• Payable from exchange transactions	22 715 632	-	-	-

#### Market risk

##### Interest rate risk

The current account and the call account expose the municipality to an interest rate risk on cash flow. Deposits attract interest at a rate that varies according to the prime banking rate.

The municipality manages this interest rate risk by ensuring that all surplus funds are invested in fixed rate instruments and by maintaining the minimum possible balance in the current account.

The interest rates on the fixed deposits are fixed, but varies from investment to investment.

Should the prime rate vary by 1% in either direction, the effect on the cash balance would be R1.6 million (2023: R1.6 million) in either direction.

##### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and debtors. The Municipality only deposits cash with banks which have an equity above R10 billion with a good credit rating.

The most significant concentration of credit risk is the outstanding receivables. Management believes that the allowance for impairment adequately addresses the credit risk involved.

Credit risk consists mainly of cash deposits, cash equivalents, and receivables from exchange and non-exchange transactions.

The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Receivables from exchange transaction comprises of the interest accrued for the current financial year and debtors in respect of salaries and wages.

Receivables from non-exchange transactions largely comprises of pension contributions made by the Municipality on behalf of other organs of state, for which SBDM is fully re-imbursed.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

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### 37. Related parties

#### Relationships

Wholly owned municipal entity

Members of key management (Refer to note 21 and 22) for details of key management)

Cacadu District Development Agency (CDDA)

Speaker, Mayoral Committee Members, Councillors, Municipal Manager & Directors

The municipality has provided the CDDA with an unconditional grant of R4 200 000 (2023: R5 200 000) to fund its operations.

#### Related party relationships - Officials

Official	Entity	Transactions
Mr M Maqokolo	Telkom - shares	None
Mr M Maqokolo	Sasol - shares	None
Mr M Maqokolo	Arc Investment - shares	None
Mr M Maqokolo	ECIO - shares	None
Mr M Maqokolo	MTN - shares	None
Mr M Maqokolo	Nedbank -shares	None
Mr M Bendle	Win Solutions CC	None
Mr M Bendle	Ellies - shares	None
Mr M Bendle	Nampak - shares	None
Mr M Bendle	Steinhof - shares	None

#### Related party relationships - Councillors

#### Additional information

Councillor	Entity	Transactions
Councillor Erasmus	EL Cordero TGL Farming (Pty) Ltd - shares	None
Councillor Koba	EL Cordero TGL Farming (Pty) Ltd - shares	None
Councillor Britz	Britz Attorneys - shares	None
Councillor Britz	Kiepersol 17 Eiendoms Ontwikkeling CC - shares	None
Councillor Faxi	Rubicon Pty Ltd	None
Councillor Faxi	NFT t/a Sibanye CC - shares	None
Councillor Diniso	Coastal Core Hold - shares	None
Councillor Diniso	Mzila group - shares	None
Councillor Diniso	Lubisi Civil & General -shares	None
Councillor Diniso	Lukwelo Holdings -shares	None
Councillor Diniso	Group Holdings -shares	None
Councillor Diniso	West Traders & Develops -shares	None

# SARAH BAARTMAN DISTRICT MUNICIPALITY

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## Notes to the Group Annual Financial Statements

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<b>38. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Opening balance	(738 401)	(702 533)
Current year subscription / fee	738 401	702 533
Amount paid in advance for the following year	760 444	(738 401)
	<b>760 444</b>	<b>(738 401)</b>
<b>Audit fees</b>		
Opening balance	3 590	-
Current year audit fees	3 617 707	3 628 308
Amount paid - current year	(3 621 297)	(3 624 718)
	<b>-</b>	<b>3 590</b>
<b>PAYE, UIF and SDL</b>		
Opening balance	288 430	288 430
Current year payroll deductions	12 681 960	11 853 046
Amount paid	(12 681 960)	(11 853 046)
	<b>288 430</b>	<b>288 430</b>
<b>Pension and Medical Aid Deductions</b>		
Current year payroll deductions and Council Contributions	22 118 223	21 544 417
Amount paid - current year	(22 118 223)	(21 544 417)
	<b>-</b>	<b>-</b>

## Group Annual Financial Statements for the year ended 30 June 2024

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**Disclosures of awards to person(s) in the service of the state**

Supplier Name	Name	Relation to Supplier	Organ of the State	Amount
Ndlambe FM	O Shuping	Spouse of D Shuping	Dept of COGTA	89 300
CSKD Trading	SG Gawula	Spouse	South African Police Service	59 024
Grahamstown Home Builders (Pty) Ltd	DF Gqamlana	Spouse	Department of Health	5 565
Jade Trading	B Claasen	Spouse	Blue crane Route Local Municipality	9 000
				<b>162 889</b>

Supplier Name	Name	Relation to Supplier	Organ of the State	Amount
Ordon Trading 18 CC t/a Mosaic Marketing	A Van Onselen	Child of M Van Onselen	Department of Health	20 700
Liela Food Services and General Trading	L Moos	Spouse of G Moos	Koukamma Local Municipality	21 840
Ndlambe FM	O Shuping	Spouse of D Shuping	Dept of COGTA	69 000
Zutari (Pty) Ltd	R J Ahlschlager	H C Ahlschlager(Spouse)	SIU	515 012
	I Gassant	S Seegers ( Child)	City of Cape Town	
		N Allie (Child)	SARS	
		G Mariam	SARS	
	K P Nadasen	K Nadasen (Spouse)	Dept of Public Works	
	E T Marques	M R Marques (Spouse)	Dept of Internal Affairs	
	J Ndala	T J Ndala (Spouse)	G P (Dept of Education)	
				<b>626 552</b>

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

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### 39. Financial instruments disclosure

#### Categories of financial instruments

##### 2024

##### Financial assets

	Note	At amortised cost	Total
Cash and cash equivalents	7	102 257 872	102 257 872
Short term investments	6	115 000 000	115 000 000
Receivables from exchange transactions	3	3 721 216	3 721 216
Receivables from non-exchange transactions	4	755 602	755 602
		<b>221 734 690</b>	<b>221 734 690</b>

##### Financial liabilities

	Note	At amortised cost	Total
Payables from exchange transactions	14	24 462 763	24 462 763

##### 2023

##### Financial assets

	Note	At amortised cost	Total
Cash and cash equivalents	7	57 307 778	57 307 778
Short term investments	6	164 000 000	164 000 000
Receivables from exchange transactions	3	3 064 820	3 064 820
Receivables from non-exchange transactions	4	2 501 931	2 501 931
		<b>226 874 529</b>	<b>226 874 529</b>

##### Financial liabilities

	Note	At amortised cost	Total
Payables from exchange transactions	14	16 066 693	16 066 693

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

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### 40. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the council and includes a note to the group annual financial statements.

Reasons	2024	2023
Emergency	455 695	-
Goods or services are produced or available from a single supplier	3 017 024	1 772 117
In any other exceptional case where it is impractical to follow supply chain processes	3 582 918	2 662 112
	<b>7 055 637</b>	<b>4 434 229</b>

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

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### 41. Budget differences

#### Material differences between budget and actual amounts

Variances in the budget amounts and the actual amounts are considered material when the actual amount is 10% more than the budget for both revenue and expenditure.

The material variances are as follows:

#### Investment revenue

The variance of 99% is attributable to more funds being available for investments due to low expenditure and fluctuations in the prime-lending rate which affects the interest earned.

#### Transfers recognised - operational

The variance of 19% is attributable to grants from Provincial Departments being recognised as unconditional grants. Therefore, income is recognised as funds are received.

#### Other own revenue

Based on the principles of budgeting, this area is utilised to fund the budget of the Municipality and therefore the budgeted amount is high. The amount reflected in the financial statements is however actual other revenue received during the year. The variance therefore relates to the portion utilised to balance the revenue budgeted from the accumulated surplus.

#### Employee costs

##### - Remuneration of employees

The variance of 11% is attributable to vacancies. This resulted in savings in employee related costs

#### Depreciation and asset impairment

The variance of 22% is attributable to fewer asset purchases compared to planned purchases.

#### Transfers and grants

The total variance of 34% is mainly attributable to underspending of the fire subsidy provided to Local Municipalities. Monies were not spent at year end as local municipalities did not timeously identify and submit their capital requests to the District Municipality.

#### Other expenditure

The total variance of 53% is mainly attributable to underspending on the following projects:

- Upgrading of Makhanda Taxi Routes
- Upgrading of Informal Settlements
- Fire Equipment for LMs & Fire Contributions to LMs

#### Capital expenditure

The variance of 66% is attributable to the following

- Underspending on ICT capital projects due to lack of sufficient resources in the ICT section.
- The installation of new lifts and Aluminium Windows did not take place as bids had to be re-advertised twice due to bids being non-responsive.
- The municipal entity (CDDA) secured additional funds for an additional project to be implemented in the 2024/25 financial year

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

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### 41. Budget differences (continued)

#### Material difference between original and final budget

Revenue - Transfers recognised

An adjustment was required because of additional grants received from Provincial Departments.

Other own revenue

Adjustments relate to funds that were committed based on procurement processes.

Expenditure - Transfers and grants

Adjustments relate to expenditure to be incurred in respect of additional grants from Provincial Departments as well as increased budget allocations for support to local municipalities.

Other expenditure

Adjustment relates to funds committed on projects based on procurement processes and additional funds required under the operational budget.

Capital expenditure

Adjustments were required due to funds that were committed and bid processes that commenced in 2022/23. The municipal entity (CDDA) secured additional funds for an additional project to be implemented in the 2024/25 financial year.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

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### 42. Events after the reporting date

The Municipality is not aware of any matter or circumstance arising since the end of the financial year.

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

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### 43. Segment information

#### General information

##### Identification of segments

The municipality is organised and reports to management on the basis of four major functional areas: Municipal Manager, Finance and Corporate Services, Planning and Development and Infrastructure and Development. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

##### Aggregated segments

The municipality operates throughout the Eastern Province in seven cities. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout the Eastern Province were sufficiently similar to warrant aggregation.

##### Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

##### Reportable segment

Segment 1  
Segment 2  
Segment 3  
Segment 4  
Segment 5

##### Goods and/or services

Municipal Manager  
Finance and Corporate Services  
Planning and Development  
Infrastructure and Development  
Economic Development - Municipal Entity

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

## Notes to the Group Annual Financial Statements

Figures in Rand

### 43. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2024

	Municipal Manager	Finance and Corporate Services	Planning and Development	Infrastructure and Development	Economic Development - Municipal Entity	Total
<b>Revenue from exchange transactions</b>						
Rental of facilities and equipment	-	175 707	-	-	-	175 707
Commission received	-	67 201	-	-	-	67 201
Interest earned	435 553	19 363 860	-	-	812 496	20 611 909
Job evaluation fees	-	961 630	-	-	-	961 630
Revenue from non-exchange transactions	-	-	-	-	-	-
Government grants and subsidies	36 883 000	76 110 020	-	4 586 000	-	117 579 020
Other revenue	-	323 260	-	123 620	415	447 295
Administration and management fees received	-	-	-	597 542	-	597 542
<b>Total segment revenue</b>	<b>37 318 553</b>	<b>97 001 678</b>	<b>-</b>	<b>5 307 162</b>	<b>812 911</b>	<b>140 440 304</b>
<b>Expenditure</b>						
Employee related costs	8 233 231	18 052 477	8 704 478	20 612 922	4 374 845	59 977 953
Remuneration of councillors	7 952 969	-	-	-	278 359	8 231 328
Depreciation and amortisation	116 173	2 164 106	130 879	262 456	74 899	2 748 513
Impairment of assets	10 104	36 391	-	-	-	46 495
Actuarial loss on post employment medical benefit	-	617 278	-	-	-	617 278
Grants and subsidies paid	-	695 652	-	21 227 673	-	21 923 325
Contracted services	670 724	3 787 673	-	-	402 712	4 861 109
Fines and penalties	-	-	-	-	26 700	26 700
General expenses	-	-	17 425 792	12 295 792	3 052 962	46 251 693
Loss on disposal of property, plant and equipment	5 131 650	8 345 497	-	-	-	257 461
Discounting of post employment medical benefit	44 797	212 664	-	-	-	6 573 188
Increase in provision for doubtful debts	-	6 573 188	-	-	-	1 918 432
	-	1 918 432	-	-	-	-
<b>Total segment expenditure</b>	<b>22 159 648</b>	<b>42 403 358</b>	<b>26 261 149</b>	<b>54 398 843</b>	<b>8 210 477</b>	<b>153 433 475</b>
<b>Total segmental surplus/(deficit)</b>						<b>(12 993 171)</b>

# SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

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### 44. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

Details of the arrangement is as follows:Details of the arrangement is as follows:

Details of the arrangement is as follows:

#### Eastern Cape Department of Human Settlements (ECDoHS)

During the 2023/24 financial year, the municipality entered into an agreement with the Eastern Cape Department of Human Settlements (ECDoHS), whereby the municipality was appointed as the implementing agent for a project relating to the upgrading of 32 informal settlements. The project funds are to be strictly used for the upgrading costs in accordance with the UISP subsidy instrument encapsulated in the National Housing Code as amended.

#### Eastern Cape Department of Transport (ECDoT)

During the 2021/22 financial year, the municipality entered into an agreement with the Eastern Cape Department of Transport (ECDoT) whereby the municipality was appointed as implementing agent to execute services as specified in the agreement. The appointment is for the management and facilitation of maintenance activities to be carried out along taxi routes within the Makana Local Municipality, in the Sarah Baartman District.

#### Municipality as Agent

##### Management Fees Received

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R597 542 (2023: R-).

##### Additional information

Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

##### Reconciliation of the carrying amount of payables

#### Eastern Cape Department of Human Settlements (ECDoHS)

Amounts transferred from the principal to the agent	20 371 077	-
Expenses incurred on behalf of the principal	(19 388 798)	-
Management Fees received by the agent	(597 542)	-
	<b>384 737</b>	<b>-</b>

#### Eastern Cape Department of Transport (ECDoT)

Opening balance	4 136 414	5 000 000
Amounts transferred from the principal to the agent	7 500 000	-
Expenses incurred on behalf of the principal	(11 166 605)	(863 586)
	<b>469 809</b>	<b>4 136 414</b>

#### All categories

Opening balance	4 136 414	5 000 000
Amounts transferred from the principal to the agent	27 871 077	-
Expenses incurred on behalf of the principal	(30 555 403)	(863 586)
Management Fees received by the agent	(597 542)	-
	<b>854 546</b>	<b>4 136 414</b>

# SARAH BAARTMAN DISTRICT MUNICIPALITY

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## Notes to the Group Annual Financial Statements

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<b>45. Vat input provision</b>		
Vat input provision	2 564	152 598
<b>46. Vat output provision</b>		
Vat output provision	136 275	136 275

**SARAH BAARTMAN DISTRICT MUNICIPALITY**

Group Annual Financial Statements for the year ended 30 June 2024

**Notes to the Annual Financial Statements**

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**47. Summary of Investment Accounts - 2024**

FINANCIAL INSTITUTION	ACCOUNT NUMBER	PERIOD MNTHS	% INT RATE	DATE INVESTED	DATE MATURING	INVEST/MATURE 2023/2024	BALANCE 30 JUNE 2024
FNB	76200861013	12	7.640%	02-Aug-22	01-Aug-23	51 000 000	
NEDBANK	03788150148000161	12	8.210%	02-Aug-22	01-Aug-23	30 000 000	
STANDARD BANK	088430537211	12	8.049%	02-Aug-22	01-Aug-23	3 000 000	
STANDARD BANK	088430537212	12	8.810%	29-Nov-22	28-Nov-23	30 000 000	
FNB	76203983020	6	8.782%	07-Sep-23	07-Mar-24	35 000 000	
ABSA	2081088621	12	10.030%	26-May-23	24-May-24	38 000 000	
INVESTEC	JA11252278	12	9.550%	26-May-23	24-May-24	7 000 000	
STANDARD BANK	088430537213	12	10.049%	02-Jun-23	31-May-24	5 000 000	35 000 000
FNB	76205801098	7	8.840%	12-Apr-24	12-Nov-24		35 000 000
STANDARD BANK	088430537215	12	9.408%	12-Apr-24	11-Apr-25		
ABSA	2081230729	11	9.340%	07-Sep-23	02-Aug-24		8 000 000
INVESTEC	JA11332601	12	8.650%	07-Sep-23	05-Sep-24		5 000 000
NEDBANK	03788150148000162	12	9.140%	07-Sep-23	05-Sep-24		29 000 000
STANDARD BANK	088430537214	12	9.225%	07-Sep-23	05-Sep-24		3 000 000
<b>BALANCE 30 JUNE 2024</b>							<b>115 000 000</b>

## SARAH BAARTMAN DISTRICT MUNICIPALITY

Group Annual Financial Statements for the year ended 30 June 2024

### Notes to the Annual Financial Statements

Figures in Rand

#### 47. Summary of Investment Accounts - 2023

FINANCIAL INSTITUTION	ACCOUNT NUMBER	PERIOD MNTHS	% INT RATE	DATE INVESTED	DATE MATURING	INVEST/MATURE 2022/2023	BALANCE 30 JUNE 2023
STANDARD BANK	088430537209	12	5.271%	04-Aug-21	03-Aug-22	11 000 000	
ABSA GROUP	2080157847	10	5.350%	20-Dec-21	17-Oct-22	35 000 000	
STANDARD BANK	088430537210	10	5.700%	21-Dec-21	21-Oct-22	40 000 000	
INVESTEC	JA11028159	3	5.900%	02-Aug-22	02-Nov-22	19 000 000	
NEDBANK	03788150148000160	12	5.970%	21-Dec-21	20-Dec-22	11 000 000	
ABSA GROUP	2080567814	6	7.500%	02-Aug-22	30-Jan-23	7 000 000	
ABSA GROUP	2080779821	5	8.330%	29-Nov-22	28-Apr-23	37 000 000	
FNB	76200861013	12	7.640%	02-Aug-22	01-Aug-23		51 000 000
NEDBANK	03788150148000161	12	8.210%	02-Aug-22	01-Aug-23		30 000 000
STANDARD BANK	088430537211	12	8.049%	02-Aug-22	01-Aug-23		3 000 000
STANDARD BANK	088430537212	12	8.810%	29-Nov-22	28-Nov-23		30 000 000
ABSA	2081088621	12	10.030%	26-May-23	24-May-24		38 000 000
INVESTEC	JA11252278	12	9.550%	26-May-23	24-May-24		7 000 000
STANDARD BANK	088430537213	12	10.049%	02-Jun-23	31-May-24		5 000 000
<b>BALANCE 30 JUNE 2023</b>							<b>164 000 000</b>

**SARAH BAARTMAN DISTRICT MUNICIPALITY**  
Group Annual Financial Statements for the year ended 30 June 2024

**Notes to the Annual Financial Statements**

Figures in Rand

**48. Conditional grants and receipts**

**30 June 2024**

	Unspent Balance 30 June 2023	Contributions/ Adjustments	Interest Allocated	Value Added Taxation	Current Year Receipts	Transfer to Revenue	Unspent Balance 30 June 2024
Eastern Cape Development Corporation (ECDC)	-	-	-	-	2 250 000	-	2 250 000
Finance Management Grant (FMG)	-	-	-	(104 348)	1 000 000	(895 652)	-
Rural Roads Asset Management Grant (RRAMM)	350 420	(350 420)	-	(300 319)	2 405 000	(2 104 681)	-
Expanded Public Works Grant (EPWP)	-	-	-	(23 471)	2 181 000	(2 157 529)	-
	<b>350 420</b>	<b>(350 420)</b>	<b>-</b>	<b>(428 138)</b>	<b>7 836 000</b>	<b>(5 157 862)</b>	<b>2 250 000</b>

The grant received from ECDC relates to the Somerset East Industrial Park and funds have been received by the municipal entity (CDDA) from the Provincial Department.

The rollover amount of R350 420 applied for under the Rural Roads Asset Management Grant (RRAMM) was not approved for the 2023/24 financial year. This has been reflected under Adjustments.

**30 June 2023**

	Unspent Balance 30 June 2022	Contributions/ Adjustments	Interest Allocated	Value Added Taxation	Current Year Receipts	Transfer to Revenue	Unspent Balance 30 June 2023
Finance Management Grant (FMG)	-	-	-	(136 077)	1 000 000	(863 923)	-
Rural Roads Asset Management Grant (RRAMM)	-	-	-	(172 928)	2 396 000	(1 872 652)	350 420
Expanded Public Works Grant (EPWP)	-	-	-	(3 834)	1 073 000	(1 069 166)	-
	<b>-</b>	<b>-</b>	<b>-</b>	<b>(312 839)</b>	<b>4 469 000</b>	<b>(3 805 741)</b>	<b>350 420</b>

**SARAH BAARTMAN DISTRICT MUNICIPALITY**  
Group Annual Financial Statements for the year ended 30 June 2024

**Notes to the Annual Financial Statements**

Figures in Rand

**49. Disclosure of Grants And Subsidies in terms of Section 123 Of MFMA, 56 of 2003**

**30 June 2024**

Name of Grant	Opening Balance	2023/2024 Quarterly Receipts			2023/2024 Quarterly Expenditure		
		Sept	Dec	Mar	Sept	Dec	Mar
Eastern Cape Development Corporation (ECDC)	-	1 000 000	500 000	1 750 000	792 100	207 900	-
Finance Management Grant (FMG)	350 420	-	1 684 000	721 000	-	231 700	782 813
Rural Roads Asset Management Grant (RRAMM)	-	546 000	981 000	654 000	332 610	638 748	804 524
Expanded Public Works Grant (EPWP)	-	-	-	-	-	-	-
	350 420	1 546 000	3 165 000	3 125 000	1 124 710	1 078 348	1 587 337
							1 795 605

The grant received from ECDC relates to the Somerset East Industrial Park and funds have been received by the municipal entity (CDDA) from the Provincial Department. These amounts are invested by the municipal entity in a ring-fenced investment until utilised.

All grants comply with DoRA and no non-compliance was recorded for the year.

**30 June 2023**

Name of Grant	Opening Balance	2022/2023 Quarterly Receipts			2022/2023 Quarterly Expenditure		
		Sept	Dec	Mar	Sept	Dec	Mar
Finance Management Grant (FMG)	-	1 000 000	-	-	500 000	199 663	300 337
Rural Roads Asset Management Grant (RRAMM)	-	1 677 000	-	719 000	977 092	336 443	12 245
Expanded Public Works Grant (EPWP)	-	269 000	483 000	321 000	116 262	265 979	572 644
	-	2 946 000	483 000	1 040 000	1 593 354	802 085	885 226
							837 915

All grants comply with DoRA and no non-compliance was recorded for the year.

SARAH BAARTMAN DISTRICT MUNICIPALITY  
APPENDIX A

June 2024

ANALYSIS OF PROPERTY PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND INTANGIBLE ASSETS AS AT 30 JUNE 2024  
Cost/Revaluation Accumulated Depreciation

	Opening Balance Rand	revaluations Rand	Additions Rand	Disposals/ transfers Rand	Closing Balance Rand	Opening Balance Rand	Depreciation Rand	Depr on Dispal Rand	Impairment Rand	Closing Balance Rand	Carrying Value Rand
<b>Land</b>											
Investment Property	6 082 500	0	0	0	6 082 500	374 500	0	0	0	374 500	5 708 000
PPE	1 754 636	0	0	0	1 754 636	0	0	0	0	0	1 754 636
Heritage	13 765 000	0	0	0	13 765 000	0	0	0	0	0	13 765 000
<b>Buildings</b>											
Investment Property	6 560 500	0	0	0	6 560 500	1 303 567	0	0	0	1 303 567	5 256 933
PPE	7 246 840	0	0	0	7 246 840	1 072 231	0	0	0	1 072 231	6 174 609
Heritage	2 447 500	0	0	0	2 447 500	536 500	0	0	0	536 500	1 911 000
<b>Furniture and Fixtures</b>											
PPE	2 475 859	0	75 240	42 144	2 508 955	1 755 921	95 620	42 136	-9 420	1 818 825	690 131
<b>Specialised Vehicles</b>											
PPE	233 880	0	0	0	233 880	187 633	4 941	0	0	192 573	41 306
<b>Office Equipment</b>											
PPE	3 011 061	0	82 114	24 695	3 068 480	2 098 459	240 594	24 684	-685	2 315 055	753 425
<b>Computer Equipment</b>											
Intangible Asset	6 438 075	0	1 466 773	0	7 904 848	3 522 079	848 625	0	0	4 370 704	3 534 144
PPE	6 171 760	0	2 116 932	642 532	7 646 160	3 994 334	640 692	597 735	-9 358	4 046 650	3 599 510
<b>Bins and Containers</b>											
PPE	98 988	0	0	0	98 988	96 162	0	0	0	96 162	2 826
<b>Motor Vehicles</b>											
PPE	10 180 072	0	2 726 530	578 420	12 328 182	5 867 429	673 417	365 766	0	6 175 080	6 153 103
<b>Specialised Plant and Machinery</b>											
PPE	4 156 769	0	0	38 464	4 118 305	2 033 669	244 624	38 461	-27 033	2 266 865	1 851 440
	70 623 440	0	6 467 589	1 326 254	75 764 776	22 842 483	2 748 514	1 068 782	-46 496	24 568 711	51 196 065

The Fixed Asset Register has been reviewed and reconciled to the General Ledger

Name: \_\_\_\_\_ Sign \_\_\_\_\_ Date \_\_\_\_\_

Land	21 602 136	0	0	0	21 602 136	374 500	0	0	0	374 500	21 227 636
Buildings	16 254 840	0	0	0	16 254 840	2 912 298	0	0	0	2 912 298	13 342 542
Furniture and fittings	2 475 859	0	75 240	42 144	2 508 955	1 755 921	95 620	42 136	-9 420	1 818 825	690 131
Office equipment	3 011 061	0	82 114	24 695	3 068 480	2 098 459	240 594	24 684	-685	2 315 055	753 425
Computer equipment	12 609 835	0	3 583 705	642 532	15 551 008	7 516 413	1 489 317	597 735	-9 358	8 417 354	7 133 654
Bins and containers	98 988	0	0	0	98 988	96 162	0	0	0	96 162	2 826
Motor vehicles	10 413 952	0	2 726 530	578 420	12 562 082	6 055 061	678 358	365 766	0	6 367 653	6 194 409
Specialised Plant and machinery	4 156 769	0	0	38 464	4 118 305	2 033 669	244 624	38 461	-27 033	2 266 865	1 851 440
Total	70 623 440	0	6 467 589	1 326 254	75 764 776	22 842 483	2 748 514	1 068 782	-46 496	24 568 711	51 196 065

#### PPE Reconciliation 2024

Land	1 754 636	0	0	0	1 754 636	0	0	0	0	0	1 754 636
Buildings	7 246 840	0	0	0	7 246 840	1 072 231	0	0	0	1 072 231	6 174 609
Office equipment	5 486 920	0	157 354	66 839	5 577 436	3 854 380	336 214	66 820	-10 104	4 133 879	1 443 556
Computer equipment	6 171 760	0	2 116 932	642 532	7 646 160	3 994 334	640 692	597 735	-9 358	4 046 650	3 599 510
Motor vehicles	10 413 952	0	2 726 530	578 420	12 562 082	6 055 061	678 358	365 766	0	6 367 653	6 194 409
Specialised Plant and machinery	4 156 769	0	0	38 464	4 118 305	2 033 669	244 624	38 461	-27 033	2 266 865	1 851 440
Bins and containers	98 988	0	0	0	98 988	96 162	0	0	0	96 162	2 826
Total	35 329 865	0	5 000 816	1 326 254	39 004 428	17 105 837	1 899 889	1 068 782	-46 496	17 983 440	21 020 988

SARAH BAARTMAN DISTRICT MUNICIPALITY

APPENDIX B

June 2024

SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS AS AT 30 JUNE 2024

	Cost / Revaluations					Accumulated Depreciation						
	Opening Balance 01 July 2023	Revaluation	Additions	Impairment	Disposals	Closing Balance 30 June 2024	Opening Balance 01 July 2023	Depreciation	Depr on Disposal	Impairment	Closing Balance	Carrying Value 30 June 2024
	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand	Rand
Executive and Council	3002527	0	1134602	0	450256	3686873	1637868	329315	385070	-30866	1612979	2073894
Finance and Admin	59015910	0	3619375	0	823614	61811671	14677992	1929651	631337	-7393	15983698	45827972
Housing	6174	0	0	0	0	6174	6131	28	0	0	6159	16
Planning and Development	3153180	0	1461045	0	42893	4571331	2244166	250276	42886	-7393	2458949	2112382
Public Safety	5442112	0	252568	0	9491	5685190	4272827	239232	9488	-842	4503414	1181776
Water	3537	0	0	0	0	3537	3500	11	0	0	3511	26
Total	70 623 441	-	6 467 589	-	1 326 254	75 764 776	22 842 483	2 748 514	1 068 782	-46 495	24 568 710	51 196 065